

EXHIBIT A

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION) Lead Case No. 18-CIV-02845
)
	) (Consolidated with Case No. 18-CIV-03332)
)
This Document Relates To:	) <u>CLASS ACTION</u>
)
ALL ACTIONS.	) CONSOLIDATED COMPLAINT FOR
	) VIOLATIONS OF CALIFORNIA LAW
)
	) Assigned for All Purposes to:
	) Judge: Hon. Richard H. DuBois
	) Dept.: 16
	) Date Action Filed: June 5, 2018
)
	) <u>DEMAND FOR JURY TRIAL</u>

1 Plaintiffs Vladi Zakinov and David Oconer, individually and on behalf of all others similarly
 2 situated, by their undersigned attorneys, allege the following, based upon personal knowledge as to each
 3 plaintiff and each plaintiff's own acts, and upon information and belief as to all other matters based on
 4 the investigation conducted by and through plaintiffs' attorneys, which included, among other things, a
 5 review of filings and press releases by Ripple Labs, Inc. ("Ripple" or the "Company"), its wholly owned
 6 subsidiary XRP II, LLC ("XRP II"), and analyst and media reports and other publicly disclosed reports
 7 and information about the Company and XRP II. Plaintiffs believe that substantial additional
 8 evidentiary support will exist for the allegations set forth herein, after a reasonable opportunity for
 9 discovery.

10 **SUMMARY OF ACTION**

11 1. This is a securities class action on behalf of all California purchasers of Ripple tokens
 12 ("XRP"), brought against Ripple, XRP II and the Chief Executive Officer ("CEO") of the Company,
 13 Bradley Garlinghouse ("Garlinghouse"), who promoted, sold and solicited the sale of XRP. Defendants
 14 raised hundreds of millions of dollars through the unregistered sale of XRP, including selling to retail
 15 investors, in violation of the law.

16 2. Under California law, offers and sales of securities must be qualified with the
 17 Commissioner of Corporations, unless exempt. These laws are designed to protect the public, by
 18 requiring various disclosures so that investors can better understand the security and the risks associated
 19 with investing in that security. The regime of registration and disclosure is the primary means by which
 20 regulators prohibit deceit, misrepresentations, and fraud in the sale of securities, and promote the fair
 21 and orderly functioning of the securities markets.

22 3. The U.S. Securities and Exchange Commission ("SEC") has made it clear that digital
 23 tokens, such as XRP, often constitute "securities and may not be lawfully sold without registration with
 24 the SEC or pursuant to an exemption from registration."¹ As stated by Chairman of the SEC Jay
 25 Clayton, "A change in the structure of a securities offering does not change the fundamental point that

26
 27 ¹ See *Investor Bulletin: Initial Coin Offerings*, SEC (July 25, 2017),
 28 <https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib-coinofferings>.

1 when a security is being offered, our securities laws must be followed."² "Said another way, replacing a
2 traditional corporate interest recorded in a central ledger with an enterprise interest recorded through a
3 blockchain entry on a distributed ledger may change the form of the transaction, but it does not change
4 the substance."³ In the case of XRP, the digital currency is centralized in the XRP Ledger, which is
5 maintained and controlled by Ripple (notwithstanding the Company's representations to the contrary),
6 making the security transactions at issue even more akin to a traditional corporate interest.

7 4. Here, the XRP offered and sold by defendants has all the traditional hallmarks of a
8 security, yet defendants failed to register them as such. The purchase of XRP constitutes an investment
9 contract as XRP purchasers, including plaintiffs, provided consideration (in the form of fiat, such as
10 U.S. dollars, or other cryptocurrencies) in exchange for XRP. XRP purchasers reasonably expected to
11 derive profits from their ownership of XRP, and defendants themselves have frequently highlighted this
12 profit motive. Moreover, defendants solicited the public at large and sold XRP to raise funds for the
13 business and operations of Ripple and the XRP ecosystem. The development of the XRP Ledger and
14 other facets of the XRP network, and the return that investors expected to derive therefrom, were, and
15 are, based entirely on the technical, managerial, and entrepreneurial efforts of defendants, and other
16 third parties employed by defendants. Indeed, a feature of XRP that differentiates the cryptocurrency
17 from others such as Bitcoin, is that the security is highly centralized in Ripple. The Company created
18 the XRP token and then uses sales of the tokens in order to fund its operations and the development of
19 the XRP ecosystem, which in turn, increases the value of XRP and the potential returns to XRP
20 investors. Plaintiffs and other class members have an entirely passive role in the success of their
21 investment in XRP.

22 5. Despite the status of XRP as a security, defendants failed to register XRP and the sale of
23 XRP did not qualify for an exemption from registration. Nevertheless, many of the representations
24 defendants made regarding XRP were designed to drive demand for XRP, allowing defendants to obtain

25
26 ² See Jay Clayton, *Statement on Cryptocurrencies and Initial Coin Offerings*, SEC (Dec. 11, 2017),
<https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>.

27 ³ *Id.*
28

1 greater returns on their XRP sales. Defendants have since generated hundreds of millions of dollars in
2 gross proceeds by selling XRP to the general public, in what is essentially a series of initial coin
3 offerings ("ICO"). Much like the better-known term, initial public offering ("IPO"), in an ICO, digital
4 assets are sold to consumers in exchange for legal tender or cryptocurrencies (most often Bitcoin and
5 Ethereum). These tokens generally give the purchaser various rights on the blockchain network and
6 resemble the shares of a company sold to investors in an IPO. Unfortunately, ICOs have become a
7 magnet for unscrupulous practices and fraud.

8 6. Plaintiffs bring this suit for declaratory relief that XRP is, in fact, a security under
9 applicable laws, and for damages, rescission and other relief as detailed herein.

10 **JURISDICTION AND VENUE**

11 7. The claims alleged herein arise under §§25110, 25503 and 25504 of the California
12 Corporations Code (the "Corporations Code"). Jurisdiction is conferred by Article VI, §10 of the
13 California Constitution. Venue is proper pursuant to the California Code of Civil Procedure.

14 8. The violations of law complained of herein occurred in San Mateo County, including the
15 unlawful sale of unregistered securities into this County. In addition, defendants are located and/or
16 conduct business in this County, significant events that led to the sale of unregistered securities
17 occurred in this County, and documents and witnesses are located in this County, or can be found in this
18 County. For example, Ripple raised proceeds from, and is backed by venture capital firms, such as
19 Andreessen Horowitz, which is located in this County, has solicited and sold XRP to investors located
20 in this County, and is run by defendant Garlinghouse, who lives in this County.

21 9. In connection with the acts alleged in this complaint, defendants, directly or indirectly,
22 used the means and instrumentalities of interstate commerce, including, but not limited to, the mail,
23 interstate telephone communications and the facilities of the national securities markets.

24 **PARTIES**

25 10. Plaintiff Vladi Zakinov is a citizen of California, who purchased the XRP promoted and
26 sold by defendants, which was not registered as a security by defendants and was not subject to any
27 exemption from registration.

11. Plaintiff David Oconer is a citizen of California, who purchased the XRP promoted and sold by defendants, which was not registered as a security by defendants and was not subject to any exemption from registration.

12. Defendant Ripple has its principal place of business in San Francisco, California. Ripple created and sold XRP, through XRP II, and solicited the purchases of XRP from plaintiffs and the Class (defined herein) for its own benefit and the benefit of its executives and owners, such as defendant Garlinghouse.

13. Defendant XRP II has its principal place of business in San Francisco, California. XRP II sold XRP and solicited the purchases of XRP from plaintiffs and the Class for its own benefit and the benefit of its parent, Ripple, and its executives and owners, such as defendant Garlinghouse.

14. Defendant Garlinghouse is the CEO of the Company. He is a resident of California and lives in Atherton, California. Garlinghouse orchestrated the sale of XRP by Ripple and XRP II and solicited the purchases of XRP from plaintiffs and the Class for his own benefit and the benefit of Ripple.

15. The true names and capacities of defendants sued herein under California Code of Civil Procedure §474 as Does 1 through 25, inclusive, are presently not known to plaintiffs, who therefore sues these defendants by such fictitious names. Plaintiffs will seek to amend this complaint and include these Doe defendants' true names and capacities when they are ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

SUBSTANTIVE ALLEGATIONS

Ripple Creates XRP

16. Ripple's primary business involves the operation of an open ledger protocol, payment, and exchange network. The native cryptocurrency for the Ripple system is the XRP token, which serves as both an investment in the Company (as sales of XRP are used to fund Company operations, with the expectation that these investments will increase the tokens' value) and as a means of exchange promoted by Ripple. The Ripple system is based around the XRP Ledger. The XRP Ledger consists of many servers, called nodes, which accept and process transactions. Client applications sign and send

1 transactions to nodes, which then relay these candidate transactions throughout the network for
2 processing. Transactions are then verified and become part of the XRP Ledger history through a
3 consensus process. Every transaction in XRP must be made by and through the XRP Ledger, which is
4 maintained by defendants. In order to open an account on the XRP Ledger, a user is required by
5 defendants to maintain a minimum account balance of 20 XRP. Furthermore, each time a transaction in
6 XRP is made, defendants require a transaction cost from the transacting parties.⁴

7 17. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
8 validating transactions on their networks, Ripple created the 100 billion XRP supply itself. Twenty
9 billion XRP, or 20% of the total XRP supply, were given to the individual founders of Ripple,⁵ with the
10 remaining 80 billion being retained by the Company. As for the 80 billion XRP held by Ripple, the
11 Company periodically sells XRP from its supply and uses the proceeds from these sales to fund
12 Company operations and improve the XRP ecosystem. Ripple's founders and other Company insiders
13 have also enriched themselves with their personal XRP fortunes. In January 2018, Ripple co-founder
14 Chris Larsen was named one of the richest people in the United States, with an estimated net worth of
15 \$59.9 billion, primarily due to the increase in value of XRP and his personal ownership of billions of
16 XRP tokens and a significant ownership stake in the Company.⁶

17 18. Ripple has been criticized because of the centralized nature of its network for XRP,
18 especially when compared to the networks for other truly distributed cryptocurrencies such as Bitcoin.
19 Ripple demonstrated its control over the XRP ecosystem when, in 2015, it froze the balance of Ripple
20 co-founder McCaleb following an internal dispute. The ability of Ripple to control the flow of XRP
21 undermines any pretense that the security is not centralized in the Company. Similarly, in February
22 2018, a report by BitMEX Research stated that a test of the Ripple system revealed that all five public

23 ⁴ The current minimum transaction cost is 0.00001 XRP, although this cost can be increased by
24 defendants. This feature of XRP transactions benefits defendants because it makes their stockpile of
XRP more valuable over time.

25 ⁵ Chris Larsen and Jed McCaleb ("McCaleb") each received 9.5 billion XRP. Arthur Britto received
26 1 billion XRP.

27 ⁶ <https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html>.
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1 keys used to validate transactions came directly from Ripple, meaning that Ripple was "essentially in
2 complete control of moving the ledger forward."⁷ The report concluded that Ripple's claims that the
3 system was "distributed" could be misleading, as Ripple essentially controlled the XRP Ledger process.

4 19. Significantly, several major cryptocurrency exchanges have refused to list XRP on their
5 exchanges as a result of Ripple's singular control over the XRP network. For example, Coinbase, one
6 of the world's largest and most widely used exchanges, has so far refused to list XRP (and even declined
7 Ripple's offer to lend Coinbase more than \$100 million worth of XRP in exchange for listing).
8 Although Coinbase has yet to issue an explicit statement explaining its decision to exclude XRP, while
9 simultaneously allowing Bitcoin, Ethereum, and other cryptocurrencies to trade on its exchange,
10 Ripple's centralized control over XRP (and the XRP Ledger) and the large volume of XRP allocated to
11 Ripple and XRP's founders are likely to blame. Indeed, these characteristics of XRP run contrary to
12 Coinbase's "Digital Asset Framework," which outlines the factors it considers when deciding whether
13 to list a particular cryptocurrency on its exchange.⁸ In addition, as several commentators have
14 observed, Coinbase and other exchanges have likely refused to list XRP recognizing that Ripple's
15 singular control over XRP is likely to draw scrutiny from U.S. regulators who have repeatedly warned
16 exchanges against listing any tokens that may be deemed securities.⁹

17 20. As the stewards of the XRP ecosystem, defendants' success in developing, promoting,
18 and maintaining the XRP Ledger and other exchange infrastructure is directly related to the value of
19 XRP. Furthermore, because, *inter alia*: (i) Ripple maintains, controls, and stewards the XRP Ledger,
20 (ii) defendants have the ability to add conditions to transactions in XRP and can unilaterally modify

21 ⁷ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

22 ⁸ Kieran Smith, *Outcast – Why Coinbase and Others Won't Touch XRP*, Brave NewCoin (Aug. 7,
23 2018), <https://bravenewcoin.com/insights/outcast-why-coinbase-and-others-wont-touch-xrp>; also
24 GDAX, GDAX Digital Asset Framework (Nov. 2017), <https://pro.coinbase.com/static/digital-asset-framework-2017-11.pdf>.

25 ⁹ Annie Massa, et al., *Ripple Has Tried to Buy Its Way Onto Major Exchanges for Cryptocurrency*,
26 Bloomberg (Apr. 4, 2018), <https://www.bloomberg.com/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin>; Kieran Smith, *Outcast – Why Coinbase and Others Won't Touch XRP*, Brave NewCoin (Aug. 7, 2018), <https://bravenewcoin.com/insights/outcast-why-coinbase-and-others-wont-touch-xrp>.
27
28

1 elements of the XRP ecosystem; and (iii) each transaction in XRP has a transaction cost set by
2 defendants that benefits defendants, each transaction in XRP involves a transaction directly with
3 defendants.

4 **Ripple Updates XRP**

5 21. Ripple is constantly changing and seeking to improve the XRP network. These changes
6 have decreased transaction times and improved system security, compatibility, use cases and other
7 features of XRP. At the same time, Ripple has released new "white papers" touting these upgrades and
8 proposed upgrades to the cryptocurrency and its exchange network. For example, Ripple released a
9 white paper in February 2016 following a series of upgrades with the subtitle "The ROI of Using Ripple
10 and XRP for Global Interbank Settlements."¹⁰ "ROI" stands for "return on investment," and the paper
11 discussed at length the purported value of using XRP, compared to other systems.

12 22. One of the most significant changes to the XRP ecosystem occurred in the latter half of
13 2015. In May 2015, regulatory authorities in the United States fined Ripple and XRP II \$700,000 for
14 "willfully" violating the Bank Secrecy Act by selling XRP without obtaining the required authorization.
15 The failure to properly register as a money services business, or "MSB," exposed XRP for use by
16 money launderers, criminals and other suspicious actors. As part of the settlement, defendants agreed to
17 a number of remedial measures, including registration with FinCEN within 30 days of the agreement
18 and to secure customer identification information within 180 days of the agreement. In the subsequent
19 months, Ripple updated the XRP network and ecosystem to comply with the settlement agreement. In
20 October 2015, Ripple underwent a rebranding after which it purported to fulfill its obligations under the
21 settlement agreement.

22 23. Another key development occurred in May 2017, when Ripple announced that it would
23 limit distribution of the remaining 61.68 billion XRP owned by the Company, from its original 80
24 billion XRP allotment. Ripple stated that it would place 55 billion XRP into a cryptographically
25 secured escrow account, and only offer and sell limited amounts of XRP at defined intervals. The
26 Company established 55 contacts of 1 billion XRP that allowed it to sell up to 1 billion XRP per month,

27 ¹⁰ https://ripple.com/files/xrp_cost_model_paper.pdf.
28

1 with any unsold XRP returned to escrow for use in subsequent offerings. The Company stated that it
 2 expected the distribution strategy "will result in a strengthening XRP exchange rate against other
 3 currencies," and that Ripple's "self-interest is aligned with building and maintaining a healthy XRP
 4 market."¹¹ The fact that the vast amount of existing XRP resides in the control of defendants further
 5 demonstrates the high degree of centralization and control defendants maintain over XRP, as they can
 6 determine the supply of XRP, which will, in turn impact the price of the security.

7 24. Indeed, a primary motivation for limiting the available supply of XRP was to drive price
 8 appreciation and allow defendants to maximize profits from XRP sales. The price of XRP increased
 9 rapidly following the announcement of the escrow decision, increasing 1,159% during the second
 10 quarter of 2017. Ripple's "Q2 2017 XRP Markets Report" listed the escrow announcement as
 11 "instrumental in helping to drive XRP interest and volume," and noted the "market responded favorably
 12 to the escrow" announcement.¹²

13 25. On or about December 7, 2017, Ripple announced that it had followed through with its
 14 promise and placed "55 billion XRP in a cryptographically-secured escrow account to create certainty
 15 of XRP supply at any given time."¹³ The announcement stated:

16 By securing the lion's share of XRP in escrow, people can now mathematically verify
 17 the maximum supply that can enter the market. While Ripple has proved to be a
 18 responsible steward of XRP supply for almost five years – and has clearly
 19 demonstrated a tremendous track record of investing in and supporting the XRP
 ecosystem – this lockup eliminates any concern that Ripple could flood the market,
 which we've pointed out before is a scenario that would be bad for Ripple!¹⁴

20 26. The article contained a button to allow readers to share it on Twitter with the caption
 21 "Game changer for \$XRP! 55 billion XRP now in escrow."¹⁵ Ripple also promoted this article through
 22

23 ¹¹ <https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>.

24 ¹² <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

25 ¹³ <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/>.

26 ¹⁴ *Id.*

27 ¹⁵ *Id.*

1 its own tweet, which proclaimed: "55B \$XRP is now in escrow. Interested in what this means for
 2 \$XRP markets?"¹⁶ Garlinghouse was even more enthusiastic, tweeting: "Boom! 55B \$XRP now in
 3 escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this
 4 #cryptokitty out of the bag!"¹⁷

5 27. Ripple's public commitment to limit the supply of XRP had its intended effect. In the
 6 weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on
 7 December 7, 2017 to \$3.38 per token on January 7, 2018.¹⁸

8 **Defendants Market XRP to Drive Demand and Increase Price**

9 28. While publicly touting its xCurrent, xRapid and xVia enterprise solutions (collectively,
 10 "Enterprise Solutions"), Ripple's primary source of income is, and has been, the sale of XRP. Ripple
 11 generated over \$180 million in gross proceeds through XRP sales in 2017 alone.¹⁹ Defendants sell
 12 XRP on a wholesale basis to larger investors, and also sell significant quantities of XRP directly to
 13 retail investors on cryptocurrency exchanges. According to Ripple, in the first quarter of 2018, "market
 14 participants purchased \$16.6 million [of XRP] directly from XRP II," and XRP II also "sold \$151.1
 15 million worth of XRP" on exchanges.²⁰

16 29. Given its reliance on sales of XRP, it is unsurprising that Ripple aggressively markets
 17 XRP to drive demand, increase the price of XRP, and, consequently, its own profits. For example,
 18 Ripple has an entire section of its website dedicated to providing advice on "How to Buy XRP." This
 19 section provides links to exchanges and instructions on "how to buy XRP" on those exchanges.²¹ It also
 20

21 ¹⁶ <https://twitter.com/Ripple/status/938933967956389889>.

22 ¹⁷ <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

23 ¹⁸ XRP would subsequently lose nearly all its value in just over three months, falling to a low of
 24 approximately \$0.48 per token on April 6, 2018.

25 ¹⁹ <https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-quarter.html>.

26 ²⁰ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/>.

27 ²¹ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

1 has a section titled "Market Performance" which proclaims that Ripple is "committed to the long term
2 health and stability of XRP markets."²²

3 30. Ripple also regularly promotes the availability of XRP on exchanges. For example, on
4 May 18, 2017, Ripple's Senior Vice-President for Business Development, Patrick Griffin, tweeted a link
5 to the Kraken exchange with the caption: "Kraken Introduces New Fiat Pairs for XRP Trading! USD,
6 JPY, CAD, EUR @Ripple."²³

7 31. Similarly, on or about December 21, 2017, Ripple tweeted that XRP was now available
8 on over 50 exchanges.²⁴ That tweet linked to an article on Ripple's website which described XRP as
9 "the fastest and most scalable [digital] asset on the market."²⁵ The article continued: "The market is
10 taking notice of XRP's speed, reliability and scalability – which has strengthened the demand for XRP
11 and where it's listed. In fact, we're proud to announce that XRP has gone from being listed on six
12 exchanges earlier this year to more than 50 worldwide."²⁶ The article also linked to a number of
13 exchanges where XRP could be purchased, and stated that "XRP's long-term value is determined by its
14 utility – including its ability to help financial institutions source liquidity for payments into and out of
15 emerging markets."²⁷

16 32. Illustrative of defendants' attempts to promote the XRP ecosystem, in 2017, Ripple
17 attempted to pay two of the top cryptocurrency exchanges, Gemini and Coinbase, to secure listing of
18 XRP. Coinbase and Gemini provide some of the easiest ways for U.S. customers to buy crypto-assets
19 with U.S. dollars. As a result, being listed on one of these exchanges tends to accelerate demand for,
20 and thus, increase the price of, a crypto-asset. For example, when Coinbase listed Bitcoin Cash in

21
22 ²² Market Performance, <https://ripple.com/xrp/market-performance/>.

23 ²³ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233>.

24 ²⁴ @Ripple, <https://twitter.com/Ripple/status/943999526783905792>.

25 ²⁵ XRP Now Available on 50 Exchanges Worldwide, <https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/>.

26 ²⁶ *Id.*

27 ²⁷ *Id.*

1 December 2017, the price of Bitcoin Cash increased nearly three times its trading price relative to other
2 exchanges.

3 33. Reportedly, Ripple offered to pay \$1 million to Gemini in the third quarter of 2017 if it
4 would list XRP. Similarly, during preliminary talks with Coinbase in the fall of 2017, Ripple said it
5 would be willing to lend the exchange more than \$100 million worth of XRP to start letting users trade
6 the token.²⁸ On November 29, 2017, Ripple posted a link to a change.org petition to "Get Ripple on
7 Coinbase," with the caption: "The community is mobilizing! [thumbs up emoji]."²⁹ Ripple's Senior
8 Vice President of Business Development also tweeted a link to the petition. According to *Bloomberg*:
9 "By dangling money in front of exchanges, Ripple signaled that its future success hinges in part on
10 getting XRP listed on the top trading venues."³⁰

11 34. In addition, Ripple hosts conferences to generate interest in XRP. For example, from
12 October 16 to October 18, 2017, the Company hosted a conference named "Swell" in Toronto. Ripple
13 acknowledged that "[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up
14 100 percent."³¹

15 35. On December 21, 2017, CoinDesk, a subsidiary of Digital Currency Group, which has an
16 ownership interest in Ripple, published an article titled, "Ripple Price Passes Historic \$1 Milestone."³²
17 This was just one of many instances in which Ripple would promote price movements of XRP.

18 36. Ripple's promotion of XRP's price continued in December 2017, as the price of XRP
19 climbed over 1,000% in a single month. In one instance, Ripple's product manager of the XRP Ledger
20 and xRapid retweeted a tweet exclaiming: "Wow, XRP at all time high! Forget about bitcoin, *we're all*

21
22 ²⁸ <https://www.bloomberg.com/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin>.

23 ²⁹ <https://twitter.com/ripple/status/935923310080045056?lang=en>.

24 ³⁰ <https://www.bloomberg.com/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin>.

25 ³¹ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

26 ³² Daniel Palmer, *Ripple Price Passes Historic \$1 Milestone*, CoinDesk (Dec. 21, 2017)
27 <https://www.coindesk.com/ripple-price-passes-historic-1-milestone/>.

1 *in on XRP!*"³³ This same manager later tweeted: "So glad I doubled down. Since I joined @Ripple,
2 \$XRP now at \$1.00 (up 17,141.37%)...."³⁴

3 37. Ripple's CEO, defendant Garlinghouse, has also been a vocal advocate for investing in
4 XRP. In a December 14, 2017 interview with BNN, when asked if he is "personally invested" in XRP
5 and was "taking profits" on that investment, Garlinghouse stated, "I'm long XRP, *I'm very, very long*
6 *XRP* as a percentage of my personal balance sheet."³⁵ He continued, stating that he is "not long some
7 of the other [digital] assets, because it is not clear to me what's the real utility, what problem are they
8 really solving."³⁶ He ended by reiterating, "if you're solving a real problem, if it's a scaled problem,
9 then I think you have a huge opportunity to continue to grow that."³⁷ Later that same day, Garlinghouse
10 tweeted: "Bloomberg welcomes \$XRP to @theterminal and gets it right – #2 market cap behind \$BTC
11 at ~\$80B!"³⁸

12 38. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article
13 titled "Bitcoin Is So 2017 as Ripple Soars at Year End," with the caption "I'll let the headline speak for
14 itself. \$xrp."³⁹

15 39. Similarly, on or about January 17, 2018, Garlinghouse tweeted a link to a *CNBC* article
16 titled "Ripple is sitting on close to \$80 billion and could cash out hundreds of millions per month – but
17 it isn't," with the caption: "A good read on why fostering a healthy \$XRP ecosystem is a top priority at
18 @Ripple."⁴⁰

20 ³³ @warpaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829.

21 ³⁴ <https://twitter.com/warpaul/status/943766056710975490>.

22 ³⁵ Interview available at <https://twitter.com/jonerlichman/status/941354964227522561?lang=en>.

23 ³⁶ *Id.*

24 ³⁷ *Id.*

25 ³⁸ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464>.

26 ³⁹ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248>.

27 ⁴⁰ <https://twitter.com/bgarlinghouse/status/953676992313872384?lang=en>.

40. However, the reality was that Ripple was profiting by selling to investors from its massive store of XRP. In 2017 alone, Ripple sold more than \$180 million worth of XRP. These sales accelerated in the first quarter of 2018, reaching \$151.1 million in just three months.

41. Recently, Ripple's efforts to aggressively market and drive demand for XRP have bled into politics. In September 2018, Ripple and several other cryptocurrency companies with links to Ripple announced the founding of an advocacy group dubbed "Securing America's Internet of Value Coalition."⁴¹ The Coalition announced that it retained The Klein/Johnson Group, a prominent Washington D.C. based lobbying firm, who is expected to help the Coalition in its efforts to lobby Congress and the SEC on issues critical to Ripple's bottom-line, including whether XRP is a security subject to SEC regulation.⁴² For their expertise, the Klein/Johnson Group will receive \$25,000 and 10,000 XRP tokens per month from the Coalition. Commenting on the decision to pay their lobbyists in XRP, Chris Larsen, Ripple's executive chairman explained: "It gives them some upside and gives them some risk ... Hopefully it gives them a taste of the industry in a way that hits home."⁴³

The Price of XRP Is Directly Tied to Ripple's Business and Operations

42. The Company's primary source of revenue is the periodic sale of XRP to investors. The price for XRP, in turn, is directly tied to the managerial skills and efforts of Ripple, XRP II, Garlinghouse, and other third parties who they employ, or with whom they are associated. Ripple regularly promotes its improvements to the XRP ecosystem, which are intended to increase demand for XRP and thus potential returns for XRP investors. For example, in describing the reasons behind the dramatic price appreciation of XRP during the fourth quarter of 2017, Ripple specifically cited as of "particular importance," the Company's various business initiatives, including: (i) Ripple's partnership with American Express/Santander; (ii) Ripple's activation of the previously discussed escrow of XRP to limit periodic offers and distributions; and (iii) a Japanese/Korean banking consortium backed by the

⁴¹ <https://www.coindesk.com/new-ripple-led-advocacy-group-to-pay-lobbyists-in-xrp/>.

⁴² <https://www.bloomberg.com/news/articles/2018-09-27/cryptocurrency-coalition-to-pay-d-c-lobbyists-in-digital-coins>.

⁴³ *Id.*

1 Company.⁴⁴ In the report, Ripple stated that its "consistent and steadfast support of XRP is a major
2 advantage as the payments industry continues to seriously consider it as an alternative liquidity
3 solution."⁴⁵ The centralized nature of XRP compared to other cryptocurrencies further cements the
4 central role of defendants in determining the future expected value of the asset.

5 43. Defendants' white papers, advertising and social media postings also conflate adoption
6 and use of Ripple's Enterprise Solutions businesses with adoption and use of XRP. Although ostensibly
7 separate, the two business segments are very much interrelated, because adoption of Ripple's Enterprise
8 Solutions by various institutional actors is likely to increase the use and demand for XRP. For example,
9 the Company's xRapid infrastructure solution uses XRP, which Ripple states will "dramatically lower
10 costs while enabling real-time payments in emerging markets."⁴⁶ Similarly, a November 2015 white
11 paper by the Company highlighted "XRP's Role on Ripple and in the Internet of Value" and how the
12 Company's technologies could turn a "Spark to a Wildfire" by increasing liquidity and efficiencies for
13 cross-border transactions for the Company's banking clients.⁴⁷ A February 2016 white paper followed
14 up on those purported "network effects," claiming that the use of the Ripple network and XRP would
15 increase banks' returns on investment by improving the global payment infrastructure.⁴⁸ Moreover,
16 Ripple promotes XRP and xRapid to its existing Enterprise Solutions customer base and can increase
17 the use of these products through cross-selling. Ripple has explicitly stated that this is part of its
18 business strategy.⁴⁹ As XRP can be used to transact on xRapid, and the same customers that may adopt
19

20 ⁴⁴ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

21 ⁴⁵ *Id.*

22 ⁴⁶ <https://ripple.com/solutions/source-liquidity/>.

23 ⁴⁷ https://ripple.com/files/ripple_vision.pdf.

24 ⁴⁸ https://ripple.com/files/xrp_cost_model_paper.pdf.

25 ⁴⁹ *E.g.*, <https://ripple.com/insights/much-ado-much-to-do-part-3/> ("While no xCurrent customers today
26 use xRapid, we're increasingly speaking to them about their liquidity challenges and xRapid at their
27 request.... As long as we continue to run xRapid pilots as successful as Cuallix's, we believe we'll drive
28 a lot of payments volume through XRP in the years ahead.").

1 Ripple's Enterprise Solutions overlap with potential institutional users and facilitators of XRP, the
2 success of Ripple's overall business and operations is directly correlated to the price of XRP.

3 44. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases"
4 have made the direct connection between the price of XRP and the adoption of the Company's
5 Enterprise Solutions.⁵⁰ Ripple itself has made this link, for example tweeting on May 16, 2017: "The
6 appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin."⁵¹

7 45. Similarly, on June 29, 2017, Ripple tweeted a clip of an interview Garlinghouse gave on
8 CNBC with the caption: "#XRP – up 4000% this year – has shown the market favors a real use case for
9 #digitalassets...."⁵² For that interview, Garlinghouse was quoted as stating, "Digital assets are in a
10 position to be more valuable than gold."⁵³

11 46. On September 11, 2017, Garlinghouse stated in an interview with CNBC: "People are
12 looking at the success Ripple has been having as a company, *and I think that's increased the value of*
13 *XRP.*"⁵⁴ He continued by stating that Ripple wants "to keep focusing on making XRP a valuable
14 payments tool, and that value will increase accordingly," and he was "voting with my . . . pocketbook
15 on the future increased value of cryptocurrencies,"⁵⁵

16 47. On November 27, 2017, Garlinghouse tweeted "Ripple & \$XRP are giving businesses
17 'what they want in a #blockchain,'" along with a link to a Motley Fool tweet.⁵⁶ The linked-to Motley
18
19
20

21 ⁵⁰ <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

22 ⁵¹ @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

23 ⁵² @Ripple, <https://twitter.com/Ripple/status/880532198025121793>.

24 ⁵³ <https://twitter.com/AkikoFujita/status/880256389213339648>.

25 ⁵⁴ <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html>.

26 ⁵⁵ *Id.*

27 ⁵⁶ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366>.

1 Fool tweet stated that "AmEx and Banco Santander will use Ripple's blockchain network for instant
2 intl. fund transfers. Could be a big deal for Ripple's XRP cryptocurrency. \$AXP \$SAN."⁵⁷

3 48. Likewise, on December 14, 2017, Ripple tweeted: "The Japan Bank Consortium
4 launched a Ripple pilot with two large Korean banks – the first time money moves from Japan to Korea
5 over RippleNet."⁵⁸ On that same day Ripple tweeted "@bgarlinghouse [its CEO's Twitter handle] on
6 why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why
7 \$XRP will come out on top."⁵⁹

8 49. On January 4, 2018, following XRP's rapid price increase, *The New York Times*
9 published an article titled, "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg."⁶⁰
10 The author of the article, Nathaniel Popper, tweeted a link to the article with the caption: "On the rise of
11 Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies."⁶¹ He further
12 stated in the tweet: "I've asked several people close to banks if banks are indeed planning to begin using
13 Ripple's token, XRP, in a serious way, which is what investors seem to assume when they buy in at the
14 current XRP prices."⁶²

15 50. Garlinghouse publicly responded to this post, tweeting: "Over the last few months I've
16 spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our
17 XRP liquidity product) in a serious way."⁶³ Garlinghouse then provided a "sampling" of feedback he
18 had purportedly received from these institutions praising XRP and xRapid. This feedback implicitly
19 justified the market price and investment opportunity for XRP, including:

20 ⁵⁷ @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553>.

21 ⁵⁸ @Ripple, <https://twitter.com/Ripple/status/941501026267316224>.

22 ⁵⁹ @Ripple, <https://twitter.com/Ripple/status/941352005058011137>.

23 ⁶⁰ Nathaniel Popper, *Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg*, N.Y.
24 Times, Jan. 4, 2018, <https://www.nytimes.com/2018/01/04/technology/bitcoin-ripple.html>.

25 ⁶¹ @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752>.

26 ⁶² *Id.*

27 ⁶³ *Id.*

- 1 • "We ran the costs on our end and see that this is 100% more efficient than [sic] what we're doing now."
- 2
- 3 • "The xRapid pilots all went perfectly."
- 4 • "This is much more efficient than our process today. We'd like to move forward with xRapid today."
- 5 • "We've already used Bitcoin in transactions but the time is causing slippage and costing more to transfer. We'd like to use xRapid and XRP to help with these issues."
- 6 • "This [XRP] is a much more efficient way to send money across borders than what we typically use today. Especially as Bitcoin has continued to slow and become more expensive."
- 7 • "There's plenty of small to medium sized banks out there that are hit hard by fees. They'd jump at the opportunity to send money directly and bypass those fees [using XRP]."⁶⁴
- 8
- 9
- 10
- 11

12 **Defendants Acknowledge that Development of the XRP Ledger Is Dependent on Their Technical, Entrepreneurial, and Managerial Efforts**

13

14 51. As alleged herein, defendants have repeatedly acknowledged the obvious: development of the XRP Ledger and the potential profits that could be derived from investing in XRP, depends on their technical, entrepreneurial and managerial efforts.

15

16

17 52. Indeed, Ripple publishes a quarterly report detailing its efforts to grow the "XRP ecosystem."⁶⁵ In the report for the second quarter of 2017, Ripple stated: "We plan to focus on three areas of liquidity development as we drive XRP towards its natural position as the digital asset standard for international value transfer."⁶⁶ The report continues: "Most importantly, we are accelerating the pace of our investment in the XRP Ledger to build on its speed, uptime, and scalability, to ensure XRP is the most trusted enterprise-grade digital asset."⁶⁷

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23 ⁶⁴ *Id.*

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25 ⁶⁵ Announcing the Quarterly XRP Market Operations Report, <https://ripple.com/insights/announcing-quarterly-xrp-market-operations-report/>.

26 ⁶⁶ Q2 2017 XRP Markets Report, <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

27 ⁶⁷ *Id.*

28

53. Three months later, in describing its goals for the fourth quarter of 2017, Ripple proclaimed it would "continue to expand [its] xRapid partnerships."⁶⁸ The report stated that Ripple's "long-term goal is, and always has been, usage of XRP as a liquidity solution for more and more corridors, and partnerships are key to achieving this goal."⁶⁹

54. Similarly, in January 2018, Ripple touted "a partnership with MoneyGram – one of the world's largest money transfer companies – to use xRapid and XRP for near real-time cross-border payments. In addition, there are a number of other xRapid deals at various stages of completion in the pipeline."⁷⁰ The Company also stated that it wanted "to build the necessary markets infrastructure for eventual direct usage of XRP by financial institutions."⁷¹ Garlinghouse commented on this partnership, stating "And to be clear: @MoneyGram announcement is one step in a marathon ahead to truly make \$XRP the global liquidity solution for payment providers and banks."⁷² These are illustrative of the many instances in which defendants have acknowledged their own role in promoting the market for XRP, and the ways in which the future expected value of XRP is dependent on their own efforts.

55. In addition, defendants, and Ripple in particular, are responsible for maintaining the XRP Ledger. Unlike cryptocurrencies such as Bitcoin and Ethereum, which use a Proof of Work ("PoW") consensus mechanism to verify the legitimacy of transactions on the network, the XRP Ledger relies on trusted nodes, operated by Ripple, to verify the legitimacy of transactions and maintain agreement on the network. The PoW mechanism utilized by Bitcoin and Ethereum helps to ensure the network is decentralized by allowing anyone to use their own hardware and electricity to run the PoW consensus algorithm to verify transactions on the public ledger, and send them to be recorded throughout the blockchain. The network's decision-making process is thus placed entirely in the hands

⁶⁸ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

⁶⁹ *Id.*

⁷⁰ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

⁷¹ *Id.*

⁷² @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912>.

1 of those who run the consensus algorithm, with their own hardware and electricity, rather than any one
2 entity or individual.

3 56. The XRP Ledger consensus protocol, by contrast, relies on "trusted nodes" on Ripple's
4 Unique Node Lists ("UNL"). The UNL is the set of trusted nodes that communicate "reliable"
5 information to other nodes on the XRP Ledger. Like miners in Bitcoin and Ethereum, these "trusted
6 nodes" validate transactions. However, unlike those miners, the trusted nodes are either selected, or
7 controlled, by Ripple itself. Ripple provides its own default and recommended UNL – comprised of
8 only five Ripple-hosted nodes. Although Ripple claims it plans to decentralize the network, it admits
9 that it will only remove its own "trusted nodes" if it decides that other validator nodes are reliable,
10 reputable, stable and secure.⁷³ Ripple's view of decentralization of the XRP Ledger still involves
11 Ripple maintaining full control over the XRP Ledger, and deciding who owns and operates any third-
12 party "trusted nodes."

13 57. In February 2018, BitMEX Research, a blockchain research group, installed and ran a
14 copy of Rippled (the software that allows users to run nodes on the XRP Ledger).⁷⁴ According to
15 BitMEX Research, "[t]he node operated by downloading a list of five public keys from the server
16 v1.ripple.com."⁷⁵ The report continued: "The software indicates that four of the five keys are required
17 to support a proposal in order for it to be accepted [on the XRP Ledger]."⁷⁶ However, "[a]ll five keys
18 are assigned to Ripple.com."⁷⁷ BitMEX Research concluded that "[s]ince the keys were all downloaded
19 from the Ripple.com server, *Ripple is essentially in complete control of moving the ledger forward*, so
20

21 ⁷³ Rome Reginelli, *Decentralization Strategy Update* (Oct. 17, 2017), [https://ripple.com/dev-](https://ripple.com/dev-blog/decentralization-strategy-update/)
22 [blog/decentralization-strategy-update/](https://ripple.com/dev-blog/decentralization-strategy-update/); Stephan Thomas, *How We Are Further Decentralizing the XRP*
23 *Ledger to Bolster Robustness for Enterprise Use*, [https://ripple.com/insights/how-we-are-further-](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/)
[decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/).

24 ⁷⁴ *The Ripple Story*, BitMEX Research (Feb. 6, 2018) <https://blog.bitmex.com/the-ripple-story/>.

25 ⁷⁵ *Id.*

26 ⁷⁶ *Id.*

27 ⁷⁷ *Id.*

1 one could say *the system is centralized*."⁷⁸ As a result, BitMEX Research found that "the Ripple
2 system appears for all practical purposes to be centralized and is therefore perhaps devoid of any
3 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
4 have."⁷⁹

5 58. Ripple's control over the XRP Ledger and the flow of XRP was put on dramatic display
6 in 2015, when it exerted this control to freeze the sale of approximately 96 million XRP, worth about \$1
7 million at the time, by Company co-founder McCaleb. Ripple received heavy criticism for the incident.
8 As noted by one cryptocurrency blog: "This incident is a reminder of the fact that despite its constant
9 portrayal as a semi-decentralized currency, there's a lot of control that can be exercised upon your XRP
10 by the company!"⁸⁰

11 59. As additional indications of centralization and control over every XRP transaction,
12 Ripple is continuously updating the Ripple ecosystem. The implementation of gateway freezes, such as
13 the one used to freeze McCaleb's attempted XRP sale, is one example of an XRP system update by
14 Ripple, which the Company activated in August 2014.

15 60. Ripple's XRP product manager, Warren Paul Anderson ("Anderson"), frequently markets
16 the XRP Ledger's dependence on Ripple's continued commitment to it. For example, on December 14,
17 2016, he tweeted: "Thrilled to have the rippled team in town for a summit to discuss the future of
18 @Ripple Consensus Ledger & XRP as a native digital asset!"⁸¹ Approximately a year later, in
19 December 2017, he retweeted his earlier statement, saying "It's that time of year again, and what a year
20 it's been! #XRP Ledger (rippled) core developers in town @Ripple for a summit to discuss planning for
21 2018."⁸² Later that same day, Anderson posted a picture of Ripple engineers with the caption: "A great
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23 ⁷⁸ *Id.*

24 ⁷⁹ *Id.*

25 ⁸⁰ <https://cryptocrimson.com/news/ripple-freezes-bitstamp-funds-co-founder>.

26 ⁸¹ @warpaul, <https://twitter.com/warpaul/status/809047284717469696>.

27 ⁸² @warpaul, <https://twitter.com/warpaul/status/940970970759573505>.

1 day of reflection & planning @Ripple w/ the greatest C++ engineering team in the world #XRP."⁸³ On
 2 that same day, Ripple's head of cryptography tweeted: "Today, all the \$XRP Ledger developers at
 3 @Ripple are in SF to reflect on 2017 and plan for 2018."⁸⁴

4 61. Later in the month, on December 29, 2017, a Ripple software engineer, Nik Bougalis
 5 ("Bougalis"), tweeted: "I've been working on code review for the last couple days. Excited to get
 6 rippled 0.90.0 out the door,"⁸⁵ indicating that Ripple was working to launch a new version of Rippled
 7 and thereby advance the XRP Ledger. Following, Ripple's release of a Rippled upgrade, Bougalis
 8 tweeted: "The @Ripple C++ team has released rippled 0.90.0. Cool new features: history sharding,
 9 deposit authorizations, checks and more!"⁸⁶

10 62. On March 5, 2018, Bougalis similarly reposted a tweet defending investing in XRP by
 11 stating, "So you'd invest in Linux, not Microsoft. In UseNet, not Google. In MySQL, not Oracle.
 12 Good luck with your portfolio. *Ripple is the next Google.* You're stuck in the silly idea that *a*
 13 *company can't build a digital asset, even when it does this right under your nose*," with the caption:
 14 "Now that's a mic drop, if I've ever seen one."⁸⁷ In other words, as acknowledged by Ripple's own
 15 employees, the value of XRP is tied directly to the security's centralization in Ripple and the business,
 16 operations, success and prospects of the Company.

17 **XRP Is a Security**

18 63. The sale of XRP involved an offer and sale of securities under applicable law.
 19 Defendants indiscriminately made the offer to sell XRP to the public, and defendants used the proceeds
 20 raised from the sale of XRP to fund the operations of Ripple and development of the XRP ecosystem.
 21 Ripple acknowledges that it "sells XRP to fund its operations and promote the network. This allows

22
 23 ⁸³ @warpaul, <https://twitter.com/warpaul/status/941087297360994304>.

24 ⁸⁴ @JoelKatz, <https://twitter.com/JoelKatz/status/940974743733153792>.

25 ⁸⁵ @nbougalis, <https://twitter.com/nbougalis/status/946829572145741824>.

26 ⁸⁶ @nbougalis, <https://twitter.com/nbougalis/status/966106932925882368>.

27 ⁸⁷ @nbougalis, <https://twitter.com/nbougalis/status/970733741319503872>.

1 Ripple Labs to have a spectacularly skilled team to develop[] and promote the Ripple protocol and
 2 network."⁸⁸ Similarly, Garlinghouse has conceded that Ripple's "self-interest is aligned with building
 3 and maintaining a healthy XRP market."⁸⁹

4 64. XRP, despite its name as a "token," is actually a security under California law. In
 5 particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures; (ii) the
 6 Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiffs and the Class (as
 7 defined herein) are effectively powerless to control the success of Ripple and XRP; and (iv) plaintiffs
 8 and the Class members' investment is substantially at risk, and is without any security.

9 65. Plaintiffs and the Class invested in XRP as a common enterprise with the expectation of
 10 profits derived solely from the efforts of Ripple and its employees. Plaintiffs and the Class used fiat
 11 and other digital currencies, such as Bitcoin and Ethereum, to purchase XRP. The expected profits and
 12 returns on these investments are directly intertwined with the business and operations of Ripple. Ripple
 13 acknowledges that it "sells XRP to fund its operations and promote the network. This allows Ripple
 14 Labs to have a spectacularly skilled team to develop and promote the Ripple protocol and network."⁹⁰
 15 Similarly, Garlinghouse has conceded that Ripple's "self-interest is aligned with building and
 16 maintaining a healthy XRP market."

17 66. The success of XRP and the development of the XRP ecosystem is uniquely centralized
 18 in Ripple. The Company created the XRP Ledger and all 100 billion XRP in existence, and concedes
 19 that it "sells XRP to fund its operations and promote the network," in order "to have a spectacularly
 20
 21

22 _____
 23 ⁸⁸ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network.

24 ⁸⁹ Brad Garlinghouse, *Ripple to Place 55 Billion XRP in Escrow to Ensure Certainty of Total XRP*
 25 *Supply* (May 16, 2017), <https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>.

26 ⁹⁰ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network.
 27
 28

1 skilled team to develop[] and promote the Ripple protocol and network."⁹¹ As of May 6, 2018, Ripple
 2 held over 60.8 billion XRP – more than 60% of the XRP in existence.⁹²

3 67. In addition, Ripple directly influences the supply of XRP by locking more than half the
 4 supply of XRP in escrow to provide "supply predictability and trusted, healthy \$XRP markets."⁹³
 5 Ripple exercises near complete control over the XRP Ledger itself. As noted by BitMEX Research,
 6 "Ripple is essentially in complete control of moving the ledger forward, so one could say the system is
 7 centralized [sic]."⁹⁴ Ripple touts its control over the XRP Ledger as an advantage for XRP, contending
 8 that governance "may be where XRP most significantly distinguishes itself [from Bitcoin, Ethereum,
 9 and Litecoin] going forward."⁹⁵ Similarly, it has stated that "[b]uilding pivotal infrastructure on top of
 10 technology that does not have clear governance is not palatable for large established companies."⁹⁶

11 68. Defendants themselves have recognized that XRP investors have a reasonable
 12 expectation of profits derived from defendants' efforts to improve the XRP ecosystem, and have
 13 publicly touted XRP's price performance on numerous occasions, as detailed herein. Ripple's website
 14 even contains an "XRP Buying Guide" that provides links to exchanges and instructions on "How to
 15 Buy XRP" on those exchanges.⁹⁷ Furthermore, Ripple has taken steps to promote XRP in an attempt to
 16 increase the token's price or to justify its price appreciation, and the Company has issued a white paper
 17 touting XRP's purported "ROI." Garlinghouse and other Ripple employees have publicly stated that
 18 they are bullish investors on XRP.

19
 20 ⁹¹ *Id.*

21 ⁹² Market Performance, <https://ripple.com/xrp/market-performance/> (last visited May 23, 2018).

22 ⁹³ Q4 2017 XRP Markets Reports, [https://twitter.com/bgarlinghouse/status/938933791145336832?](https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en)
 23 [lang=en](https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en).

24 ⁹⁴ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

25 ⁹⁵ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

26 ⁹⁶ *Id.*

27 ⁹⁷ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

69. Similarly, Ripple and its CEO have acknowledged that the value of XRP will be driven by the XRP Ledger's usefulness in solving cross-border payments and its adoption by institutions. Defendants have similarly touted adoption of Ripple's Enterprise Solutions, which are directly correlated with the use case and likely value of XRP. Indeed, in a lawsuit between Ripple against R3 LRC LLC, a company "focused exclusively on developing a next generation financial transaction network ... based on distributed ledger technology," Ripple confirmed the correlation between the adoption of the Ripple network and the market value of XRP, alleging that the Ripple/R3 relationship would benefit Ripple through access to R3's "many banking contacts, and in turn, R3 could reap the financial benefits of Ripple's success – through both the Option Contract [R3 received the option to purchase 5 billion XRP] and other compensation outlined in the agreements."⁹⁸

70. In addition, defendants have pooled XRP investments to fund projects to promote the XRP Ledger and interledger protocol, thereby increasing the value of the XRP Ledger and XRP. For example, on April 11, 2018, Ripple announced that it had "invested \$25 million in XRP to Blockchain Capital Parallel IV, LP," to "support and develop additional [XRP] use cases beyond payments."⁹⁹ Ripple's Senior Vice President of Business Development promoted this investment, tweeting: "Ripple's \$25 million investment in @blockchaincap's new fund is the first and not the last contribution to ventures that further develop the #blockchain and \$XRP ecosystems."¹⁰⁰

71. Plaintiffs and the Class have entirely passive roles vis-à-vis the success of the XRP Ledger and XRP. In fact, while Ripple promotes its payment network to banks and other financial institutions to "process their customers' payments anywhere in the world instantly, reliably and cost-effectively," the technology is unrelated to an investment in XRP. Rather, as defendants' own marketing makes clear, the profits reasonably expected to be derived from investing in XRP are solely

⁹⁸ *R3 Holdco LLC v. Ripple Labs, et al.*, C.A. No. 2017-0652-JRS, Defendants' Opening Brief in Support of Motion to Dismiss, or in the Alternative, to Stay (Del. Ch. filed Sept. 25, 2017).

⁹⁹ *Ripple Invests \$25 Million to Drive Innovation in Blockchain and Digital Assets*, <https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/>.

¹⁰⁰ @patgriffin9, <https://twitter.com/Ripple/status/984061347078987776>.

1 dependent on the technical, entrepreneurial, and managerial efforts of defendants and their agents and
 2 employees. Plaintiffs and the Class reasonably expected defendants to provide significant managerial
 3 efforts, to develop and improve the XRP Ledger, to develop and sustain a supportive network, and to
 4 secure exchanges through which XRP can be exchanged. Defendants repeatedly represented that they
 5 would provide significant managerial efforts to achieve these objectives and make the XRP ecosystem a
 6 success. The purchase of XRP is thus an investment in a common enterprise, with an expectation of
 7 profits, solely from the efforts of defendants and their affiliates.

8 **Recent SEC Guidance Undermines Ripple's Denials**

9 72. Ripple has long claimed that XRP is not a security. As recently as April 12, 2018,
 10 Ripple's Chief Marketing Strategist told *CNBC* in an interview: "We absolutely are not a security. We
 11 don't meet the standards for what a security is based on the history of court law."¹⁰¹ Instead, Ripple
 12 claims that XRP is a commodity, such as gold. Purchasers of XRP did not have any reason to challenge
 13 these contentions from the Company, given the unclear state of regulation and quickly evolving and
 14 uncharted landscape of blockchain technologies. This state of affairs has only recently changed, as
 15 regulators have begun to provide clarifying guidance that undermines defendants' denials, and the
 16 centralized nature of XRP in Ripple has become more apparent.

17 73. In July 2017, U.S. Securities and Exchange Commission ("SEC") began to question the
 18 legality of unregistered token sales, such as the sales of XRP, and made clear that sellers of unregistered
 19 securities cannot evade their obligations under the federal securities laws by elevating form over
 20 substance. On July 23, 2017, the SEC issued an "Investor Alert," which stated that the agency was
 21 "concerned that the rising use of virtual currencies in the global marketplace may entice fraudsters to
 22 lure investors into Ponzi and other schemes in which these currencies are used to facilitate fraudulent,
 23 or simply fabricated, investments or transactions."¹⁰² The release warned that "the fraud may also
 24

25 ¹⁰¹ Kate Rooney, *Ripple says its cryptocurrency XRP is not a security*, *CNBC* (Apr. 12, 2018),
 26 <https://www.cnbc.com/2018/04/12/ripple-says-its-cryptocurrency-xrp-is-not-a-security.html>.

27 ¹⁰² *Investor Alert: Ponzi Schemes Using Virtual Currencies*, https://www.sec.gov/investor/alerts/ia_virtualcurrencies.pdf.
 28

1 involve an unregistered offering or trading platform" and promises of "high returns for getting in on the
2 ground floor of a growing Internet phenomenon."¹⁰³

3 74. On July 25, 2017, the SEC released an "Investor Bulletin" on ICOs. The bulletin stated
4 that digital blockchain currencies "may be securities" under the facts and circumstances, and that such
5 "virtual coins or tokens in an ICO *are subject to the federal securities laws.*"¹⁰⁴ The release continued
6 in pertinent part:

7 A virtual currency is a digital representation of value that can be digitally traded and
8 functions as a medium of exchange, unit of account, or store of value. Virtual tokens
9 or coins may represent other rights as well. Accordingly, in certain cases, *the tokens*
10 *or coins will be securities and may not be lawfully sold without registration with*
the SEC or pursuant to an exemption from registration.

11 75. That same day, the SEC issued an investigative report concluding that the tokens issued
12 by a blockchain and distributed ledger organization known as "The Dao" were, in fact, securities. The
13 press release announcing the report stated that, "issuers of distributed ledger or blockchain technology-
14 based securities *must register offers and sales of such securities unless a valid exemption applies*" and
15 that those organizing unregistered offerings "may be liable for violations of the federal securities
16 laws."¹⁰⁵ In the case of The Dao, the SEC found that even though the organization labeled its tokens as
17 something other than securities, the virtual currency was subject to the registration requirements of the
18 federal securities laws as, in economic substance, it was a security.

19 76. On December 11, 2017, SEC Chairman Jay Clayton ("Clayton") issued another
20 statement on digital tokens. He confirmed that "[m]erely calling a token a 'utility' token or structuring it
21 to provide some utility does not prevent the token from being a security," and warned security offerors
22
23

24 ¹⁰³ *Id.*

25 ¹⁰⁴ See *Investor Bulletin: Initial Coin Offerings*, https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings.

26 ¹⁰⁵ See *SEC Issues Investigative Report Concluding DAO Tokens a Digital Asset, Were Securities*,
27 <https://www.sec.gov/news/press-release/2017-131>.
28

1 that attempts to "elevate form over substance" could not obviate their obligations under the federal
 2 securities laws.¹⁰⁶ Clayton continued in pertinent part:

3 *[C]ertain market professionals have attempted to highlight utility characteristics of*
 4 *their proposed initial coin offerings in an effort to claim that their proposed tokens*
 5 *or coins are not securities. Many of these assertions appear to elevate form over*
 6 *substance. Merely calling a token a "utility" token or structuring it to provide*
 7 *some utility does not prevent the token from being a security.* Tokens and offerings
 8 that incorporate features and marketing efforts that emphasize the potential for
 9 profits based on the entrepreneurial or managerial efforts of others continue to
 10 contain the hallmarks of a security under U.S. law. On this and other points where
 the application of expertise and judgment is expected, I believe that gatekeepers and
 others, including securities lawyers, accountants and consultants, need to focus on
 their responsibilities. I urge you to be guided by the principal motivation for our
 registration, offering process and disclosure requirements: investor protection and, in
 particular, the protection of our Main Street investors.

11 * * *

12 [M]any token offerings appear to have gone beyond this construct and are more
 13 analogous to interests in a yet-to-be-built publishing house with the authors, books
 14 and distribution networks all to come. *It is especially troubling when the promoters*
 15 *of these offerings emphasize the secondary market trading potential of these*
 16 *tokens. Prospective purchasers are being sold on the potential for tokens to*
increase in value – with the ability to lock in those increases by reselling the tokens
on a secondary market – or to otherwise profit from the tokens based on the efforts
of others. These are key hallmarks of a security and a securities offering.

17 *By and large, the structures of initial coin offerings that I have seen promoted*
 18 *involve the offer and sale of securities and directly implicate the securities*
 19 *registration requirements and other investor protection provisions of our federal*
securities laws. Generally speaking, these laws provide that investors deserve to
 know what they are investing in and the relevant risks involved.

20 77. Clayton could have been referring directly to Ripple and defendants' attempts to tout the
 21 profit-making potential of investing in XRP tokens on the one hand, while disclaiming any
 22 responsibilities to comply with applicable securities laws on the other. The SEC has since launched
 23 dozens of investigations into cryptocurrency startups.

24 78. For the integrity of the U.S. securities markets, defendants' attempts to circumvent
 25 important investor safeguards must fail. Although cryptocurrencies represent something of a new
 26 investing frontier, the old adage rings true: "If it looks like a duck, swims like a duck, and quacks like a

27 ¹⁰⁶ See Jay Clayton, *Statement on Cryptocurrencies and Initial Coin Offerings*, SEC (Dec. 11, 2017).

1 duck, then it probably is a duck." Here, XRP has all of the hallmarks of a security, and defendants'
2 substance denial does nothing to diminish their obligations to register these securities under applicable
3 securities laws.

4 79. In light of recent SEC statements, and the heavy centralization of XRP in Ripple, there
5 can now be little doubt that XRP tokens constitute securities. Despite this fact, defendants have failed
6 to register the securities in accordance with applicable laws and regulations, before offering and selling
7 them to the investing public. Further, the sale of XRP was not subject to any exemption or exceptions
8 to the registration requirements available under state or federal law. As a result, the offer and sale of
9 XRP was unlawful, and defendants are liable to plaintiffs and the Class as purchasers of XRP as alleged
10 herein.

11 **CLASS ACTION ALLEGATIONS**

12 80. Plaintiffs bring this action as a class action pursuant to §382 of the California Code of
13 Civil Procedure on behalf of a class consisting of all citizens of California who purchased XRP (the
14 "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates
15 of the defendants, at all relevant times, members of their immediate families and their legal
16 representatives, heirs, successors or assigns, and any entity in which defendants have or had a
17 controlling interest.

18 81. The members of the Class are so numerous that joinder of all members is impracticable.
19 Hundreds of millions of XRP have been sold by defendants. While the exact number of Class members
20 are unknown to plaintiffs at this time and can only be ascertained through appropriate discovery,
21 plaintiffs believe that there are thousands of members in the proposed Class.

22 82. Plaintiffs' claims are typical of the claims of the members of the Class, as all members of
23 the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is
24 complained of herein.

25 83. Plaintiffs will fairly and adequately protect the interests of the members of the Class and
26 has retained counsel, who is competent and experienced in class and securities litigation.

84. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether defendants violated the Corporations Code;
- (b) whether XRP are securities;
- (c) whether XRP were required to be registered under applicable laws;
- (d) whether plaintiffs and the Class are entitled to rescind their purchases of XRP;
- and
- (e) to what extent the members of the Class have sustained damages and the proper measure of damages.

85. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

FIRST CAUSE OF ACTION

**For Violation of §§25110 and 25503 of the Corporations Code
Against All Defendants**

86. Plaintiffs repeat and reallege the preceding allegations as if fully set forth herein.

87. This Cause of Action is brought pursuant to §§25110 and 25503 of the Corporations Code against all defendants.

88. As detailed herein, XRP is a security.

89. Defendants failed to qualify XRP with the Commissioner of Corporations and XRP did not qualify for an exemption from registration.

90. Defendants sold XRP to plaintiffs and the Class, in violation of §25110, which makes it "unlawful for any person to offer or sell in this state any security in an issuer transaction ... unless such sale has been qualified ... or unless such security or transaction is exempted or not subject to qualification."

91. As such, Garlinghouse and Ripple have participated in the unlawful sale of securities in violation of the Corporations Code, and are liable to plaintiffs and the Class for rescission and/or compensatory damages under §25503.

SECOND CAUSE OF ACTION

For Violation of §25504 of the Corporations Code Against Ripple and Garlinghouse

92. Plaintiffs repeat and reallege the preceding allegations as if fully set forth herein.

93. This Cause of Action is brought pursuant to §25504 of the Corporations Code against Ripple and Garlinghouse.

94. Due to his position within the Company and role, vis-à-vis, the XRP Ledger, ownership interest in and control over Ripple, Garlinghouse acted as a controlling person of Ripple and XRP II within the meaning of §25504 of the Corporations Code as alleged herein. By virtue of his position as CEO and his participation in and/or awareness of Ripple's operations, Garlinghouse had the power to influence and control, and did influence and control, directly or indirectly, the decision-making, relating to the sale of XRP and the failure to register these sales.

95. Ripple controlled XRP II, as the parent of XRP II, and the various actors responsible for the advancement of the XRP ecosystem. In addition, Ripple controlled Garlinghouse and all of his employees.

96. Ripple and Garlinghouse also controlled the flow of XRP, the advancement of the XRP Ledger, and the means by which transactions in XRP and the offer and sale of XRP occurred, including their ability to freeze XRP accounts and control the flow of XRP through various exchanges and the other indications of control alleged herein. By virtue of their own acts, and their positions of control and influence, Ripple and Garlinghouse materially aided in the acts and transactions constituting the violations alleged herein.

97. By virtue of the foregoing, defendants are liable to plaintiffs and the Class as secondary actors under §25504 of the Corporations Code.

1 98. As such, Garlinghouse and Ripple have participated in an unregistered sale of securities
2 in violation of the Corporations Code, and are liable to plaintiffs and the Class for rescission and/or
3 compensatory damages.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, plaintiffs pray for relief and judgment, as follows:

6 A. Determining that this action is a proper class action and certifying plaintiffs as class
7 representatives and plaintiffs' counsel as Lead Counsel;

8 B. Declaring that XRP is a security and that defendants' unregistered sales of XRP violated
9 applicable law;

10 C. Awarding compensatory damages in favor of plaintiffs and the other Class members
11 against all defendants, jointly and severally, for all damages sustained as a result of defendants'
12 wrongdoing, in an amount to be proven at trial, including interest thereon;

13 D. Awarding plaintiffs and the Class their reasonable costs and expenses incurred in this
14 action, including counsel fees and expert fees;

15 E. Awarding rescission or a rescissionary measure of damages; and

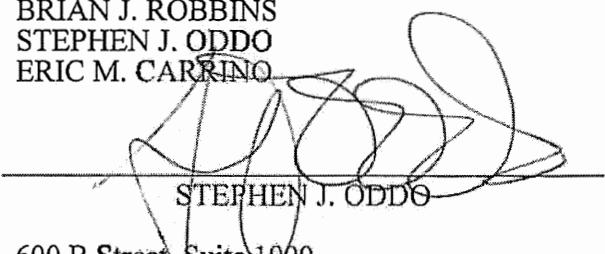
16 F. Awarding such equitable/injunctive or other relief as the Court may deem just and
17 proper.

18 **JURY DEMAND**

19 Plaintiffs respectfully request a trial by jury on all issues so triable.

20 DATED: October 15, 2018

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23 STEPHEN J. ODDO
24 ERIC M. CARRINO

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19
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26

27 1304785
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DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on October 15, 2018, I served the following document(s):

CONSOLIDATED COMPLAINT FOR VIOLATIONS OF CALIFORNIA LAW

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

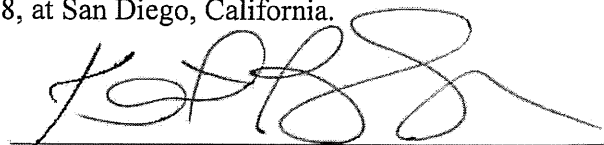
By causing the document(s) listed above to be served by a courier service on the following parties:

By depositing in a box or other facility regularly maintained by FedEx, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this October 15, 2018, at San Diego, California.



KATHERINE B. SCHEELE

SERVICE LIST

In re Ripple Labs Inc. Litigation, Lead Case No. 18CIV02845

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Counsel for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

AVNER GREENWALD, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS, INC., a Delaware Corporation,
XRP II, LLC, a South Carolina Limited Liability
Company, BRADLEY GARLINGHOUSE,
CHRISTIAN LARSEN, RON WILL,
ANTOINETTE O'GORMAN, ERIC VAN
MILTENBURG, SUSAN ATHEY, ZOE
CRUZ, KEN KURSON, BEN LAWSKY,
ANJA MANUEL, and TAKASHI OKITA,

Defendants.

Case No.

18 CIV 03461

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE SECURITIES ACT
OF 1933**

JURY TRIAL DEMANDED

18 - CIV - 03461
CMP
Complaint
1244161



FILED
SAN MATEO COUNTY

JUL 03 2018

Clerk of the Superior Court

By

DEPUTY CLERK

FILE BY FAX

1 Plaintiff Avner Greenwald ("Plaintiff"), individually and on behalf of all others similarly
2 situated, by Plaintiff's undersigned attorneys, alleges the following based upon personal knowledge as to
3 Plaintiff's own acts, and upon information and belief as to all other matters based on the investigation
4 conducted by and through Plaintiff's attorneys, which included, among other things, a review of
5 Securities and Exchange Commission ("SEC") filings and commentary, publicly available reports and
6 information, analyst and media reports, and other commentary analysis. Plaintiff's investigation into the
7 matters alleged herein is continuing and many relevant facts are known only to, or are exclusively within
8 the custody and control of, the Defendants. Plaintiff believes that substantial additional evidentiary
9 support will exist for the allegations set forth herein after a reasonable opportunity for formal discovery.

10 NATURE AND SUMMARY OF ACTION

11 1. Plaintiff brings this securities class action under §§5, 12(a)(1), and 15 of the Securities
12 Act of 1933 (the "Securities Act") against (1) Ripple Labs, Inc. ("Ripple Labs" or the "Company");
13 (2) Ripple Labs' wholly owned subsidiary, XRP II, LLP ("XRP II"); and (3) certain of Ripple Labs'
14 controlling senior executives and directors (collectively, the "Individual Defendants"). Plaintiff alleges
15 that Defendants sold unregistered securities to investors in violation of the Securities Act. Defendants
16 are liable in their capacities as issuers, statutory sellers, and/or direct or indirect offerors of XRP.

17 2. Plaintiff brings this action on behalf of all investors who purchased Ripple tokens
18 ("XRP" or "Ripples") on or after July 3, 2015 and were damaged thereby.

19 3. XRP qualify as securities under Section 2(a)(1) of the Securities Act, 15 U.S.C.
20 §77b(a)(1). The purchase of XRP constitutes an investment contract as XRP purchasers, including
21 Plaintiff, provided consideration (in the form of fiat, *i.e.*, U.S. dollars or other cryptocurrencies) in
22 exchange for XRP. XRP is in investment in a common enterprise and purchasers reasonably expected to
23 derive profits from their ownership of XRP. Defendants promoted this profit motive as a reason to
24 purchase XRP.

25 4. No registration statements have been filed with the SEC or have been in effect with
26 respect to the XRP offerings alleged herein.

1 5. All 100 billion XRP in existence were created out of thin air by Ripple Labs.¹ Twenty
2 billion XRP, or 20% of all XRP in existence, were given to the individual founders of Ripple Labs,
3 including Defendant Chris Larsen, and the remaining 80 billion were retained by Ripple Labs.

4 6. Defendants have since earned massive profits by selling the retained XRP to the public,
5 without complying with federal securities laws, in what is essentially an ongoing initial coin offering
6 (“ICO”). Like an initial public offering (“IPO”), in an ICO, digital assets are sold to consumers in
7 exchange for legal tender or other cryptocurrencies (most often Bitcoin and Ethereum).

8 7. Defendants sell XRP from the retained supply and use the proceeds from the sales to fund
9 Company operations.

10 8. In order to increase demand for XRP, and thereby increase the profits derived by selling
11 XRP, Defendants portray XRP as a good investment, solicit sales, express optimistic price predictions,
12 and conflate Ripple Labs’ enterprise customer programs with usage and value of XRP. Ripple Labs
13 greatly increased these efforts to push XRP on the general public in recent years.

14 9. These solicitation efforts were conducted by interstate means, as were the sales of XRP.

15 **JURISDICTION AND VENUE**

16 10. The Court has subject matter jurisdiction over this action pursuant to the California
17 Constitution, Article VI, §10 and Section 22 of the Securities Act, 15 U.S.C. §77v. The claims alleged
18 herein arise under §§5, 12(a)(1), and 15 of the Securities Act. *See* 15 U.S.C. §§77e, 77l, and 77o.
19 Section 22 of the Securities Act, 15 U.S.C. §77v(a), expressly states that “[e]xcept as provided in section
20 77p(c) of this title, no case arising under this subchapter and brought in any State court of competent
21 jurisdiction shall be removed to any court of the United States.” Section 77p(c) refers to “covered class
22 action[s] brought in any State court involving a covered security, as set forth in subsection (b),” and
23 subsection (b) of §77p in turn includes within its scope only covered class actions “based upon the
24
25

26

27 ¹ This is unlike other cryptocurrencies like Bitcoin and Ethereum that are “mined” by those
28 validating transactions on their networks.

1 statutory or common law of any State or subdivision thereof.” *See* 15 U.S.C. §77p. This is an action
2 asserting only federal law claims. Thus, this action is not removable to federal court.

3 11. Venue is proper in this jurisdiction pursuant to the provisions of California Code of
4 Civil Procedure §395(a) because certain Defendants reside in San Mateo County.

5 12. This Court has personal jurisdiction over Defendants as a result of acts of Defendants
6 occurring in and/or aimed at the state of California in connection with Defendants’ unregistered
7 offer and sale of securities in violation of §§5, 12(a)(1), and 15 of the Securities Act.

8 13. This Court also has personal jurisdiction over Defendants because they reside in or
9 have their principal places of business in California.

10 **PARTIES**

11 14. Lead Plaintiff Avner Greenwald is an individual and a resident of Israel. Plaintiff
12 bought and sold XRP in both USD and Bitcoin between December 14, 2017 and May 12, 2018, and
13 suffered losses on those investments as a result of the scheme alleged herein.

14 15. Defendant Ripple Labs, Inc. is a Delaware corporation with its principal place of
15 business at 300 Montgomery Street, 12th Floor, San Francisco, California. Ripple Labs operates
16 RippleNet, a global payments network based on blockchain technology. Through RippleNet, banks
17 and payment providers can use XRP to process, clear, and settle financial transactions in real-time
18 worldwide. Ripple Labs created XRP and, at all relevant times, solicited purchases of XRP by
19 Plaintiff and the Class for its own benefit and the benefit of its executives and owners.

20 16. Defendant XRP II, LLC is wholly owned subsidiary of Ripple Labs. XRP II is a
21 South Carolina limited liability company with its principal place of business in San Francisco,
22 California. XRP II sold XRP and solicited the purchases of XRP by Plaintiff and the Class for its
23 own benefit and the benefit of its parent, Ripple Labs, and its executives and owners.

24 17. Defendant Bradley Garlinghouse (“Garlinghouse”) is the Chief Executive Officer
25 (“CEO”) of Ripple Labs and has been since January 2017. Garlinghouse was Ripple Labs’
26 President and Chief Operating Officer from April 2015 through December 2016. Garlinghouse is a
27 California citizen and a resident of San Mateo County. Garlinghouse exercised control over Ripple
28

1 Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the
2 public.

3 18. Defendant Christian (Chris) Larsen ("Larsen") is Executive Chairman of Ripple
4 Labs' Board of Directors and has been since January 2017. Larsen is also a co-founder of Ripple
5 Labs and a former CEO of Ripple Labs (through December 2016). Larsen exercised control over
6 Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of
7 XRP to the public.

8 19. Defendant Ron Will ("Will") is Chief Financial Officer of Ripple Labs and has been
9 since November 2017. Will exercised control over Ripple Labs and directed and/or authorized,
10 directly or indirectly, the sale and/or solicitation of XRP to the public.

11 20. Defendant Antoinette O'Gorman ("O'Gorman") is Chief Compliance Officer of
12 Ripple Labs. O'Gorman exercised control over Ripple Labs and directed and/or authorized,
13 directly or indirectly, the sale and/or solicitation of XRP to the public.

14 21. Defendant Eric van Miltenburg ("van Miltenburg") is Senior Vice President for
15 Business Operations of Ripple Labs. Van Miltenburg exercised control over Ripple Labs and
16 directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

17 22. Defendant Susan Athey ("Athey") is a Director of Ripple Labs. As a Director, Athey
18 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale
19 and/or solicitation of XRP to the public.

20 23. Defendant Zoe Cruz ("Cruz") is a Director of Ripple Labs. As a Director, Cruz
21 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale
22 and/or solicitation of XRP to the public.

23 24. Defendant Ken Kurson ("Kurson") is a Director of Ripple Labs. As a Director,
24 Kurson exercised control over Ripple Labs and directed and/or authorized, directly or indirectly,
25 the sale and/or solicitation of XRP to the public.

25. Defendant Ben Lawskey (“Lawskey”) is a Director of Ripple Labs. As a Director, Lawskey exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

26. Defendant Anja Manuel (“Manuel”) is a Director of Ripple Labs. As a Director, Manuel exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

27. Defendant Takashi Okita (“Okita”) is a Director of Ripple Labs. As a Director, Okita exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

28. The defendants referred to in ¶¶17-27 are referred to as the “Individual Defendants.”

SUBSTANTIVE ALLEGATIONS

A. The Background of XRP

29. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those validating transactions on their networks, all 100 billion XRP in existence were created out of thin air by Ripple Labs in 2013. Twenty billion XRP, or 20% of the total XRP supply, were given to the individual founders of Ripple Labs,² with the remaining 80 billion retained by Ripple Labs.

30. As for 80 billion XRP held by Ripple Labs, the plan was to sell them and use the proceeds to fund and improve Company operations, including the XRP ledger network.

31. Ripple Labs’ own wiki notes that “Ripple Labs sells XRP to fund its operations and promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple protocol and network.”³

32. In the first quarter of 2018, “market participants purchased \$16.6 million [of XRP] directly from XRP II, LLC,” XRP II also “sold \$151.1 million worth of XRP” on exchange.⁴

² Defendant Chris Larsen received 9.5 billion XRP.

³ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP funds the development and promotion of the protocol and the network (last visited June 29, 2018).

1 33. Ripple Labs' primary business involves the operation of an open ledger protocol,
2 payment, and exchange network. The native cryptocurrency for Ripple Labs' exchange network is
3 XRP. Thus, XRP is both an investment in the Company (as sales are used to fund Company
4 operations with the expectation that such investments in the Company will increase the value of
5 XRP) and an investment in itself (with the expectation that the value of XRP will increase), as well
6 as a means of exchange promoted by Ripple Labs.

7 34. Ripple Labs' exchange network is based around the XRP Ledger. The XRP Ledger
8 consists of many servers, called nodes, which accept and process transactions. Client applications
9 sign and send transactions to nodes, which then relay these candidate transactions throughout the
10 network for processing. Transactions are then verified and become part of the XRP Ledger through
11 a consensus process. Every XRP transaction must be made through Ripple Labs' XRP Ledger,
12 which is maintained by Defendants. In order to open an account on the XRP Ledger, users must
13 maintain a minimum account balance of 20 XRP. In addition, each time a transaction is made in
14 XRP, there is a transaction cost to users.

15 35. Ripple Labs' founders and other Company insiders have also profited individually
16 from their XRP holdings. In January 2018, Ripple co-founder Defendant Larsen was named one of
17 the richest people in the United States, with an estimated net worth of \$59.9 billion, primarily due
18 to the increase in value in XRP and his personal ownership of billions of XRP and his significant
19 stake in the Company.⁵

20 36. Defendants have control over how many XRP are in the market.

21 37. No registration statement has been filed for XRP with the SEC and no registration
22 statement is in effect for XRP.

25 ⁴ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/> (last
visited June 29, 2018).

26 ⁵ [https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html)
27 [on-paper.html](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html) (last visited on June 29, 2018).

B. Defendants Solicit XRP Sales

38. From 2013 to the present, Defendants and their affiliates have been engaged in an ongoing scheme to sell XRP to the general public.

39. Ripple Labs dedicates an entire section of its website to providing advice on “How to Buy XRP.” This section provides links to online exchanges and instructions on “[h]ow to buy XRP” on those exchanges.⁶ It also has a section titled “Market Performance” which proclaims that Ripple Labs is “committed to the long term health and stability of XRP markets.”⁷

40. Ripple Labs also consistently promotes the availability of XRP on exchanges. For example, on May 18, 2017, its Senior Vice-President for Business Development, Patrick Griffin, tweeted a link to the Kraken exchange with the caption: “Kraken Introduces New Fiat Pairs for XRP Trading! USD, JPY, CAD, EUR @ Ripple.”⁸

41. Similarly, on or about December 21, 2017, Ripple Labs tweeted in Japanese that XRP was now available on over 50 exchanges.⁹ That tweet linked to an article on Ripple Labs’ website which described XRP as “the fastest and most scalable [digital] asset on the market.”¹⁰ It continued, “[t]he market is taking notice of XRP’s speed, reliability and scalability – which has strengthened the demand for XRP and where it’s listed. In fact, we’re proud to announce that XRP has gone from being listed on six exchanges earlier this year to more than 50 worldwide.” The article also links to a number of online exchanges where XRP can be purchased, and states that “XRP’s long-term value is determined by its utility – including its ability to help financial institutions source liquidity for payments into and out of emerging markets.”

⁶ XRP Buying Guide, <https://ripple.com/xm/buy-xrp/> (last visited on June 29, 2018).

⁷ Market Performance, <https://ripple.com/xrp/market-performance/> (last visited on June 29, 2018).

⁸ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233> (last visited on June 29, 2018).

⁹ @Ripple, <https://twitter.com/Ripple/status/943999526783905792> (last visited on June 29, 2018).

¹⁰ XRP Now Available on 50 Exchanges Worldwide, <https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/> (last visited on June 29, 2018).

42. Ripple Labs also hosts conferences to generate interest in XRP. For example, between October 16 and October 18, 2017, it hosted a conference named “Swell” in Toronto. Ripple Labs acknowledged that “[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up 100 percent[.]”¹¹

43. On the same day, CoinDesk, a subsidiary of Digital Currency Group, which has an ownership interest in Ripple Labs, published an article titled “Ripple Price Passes Historic \$1 Milestone.”¹² This was just one of many instances in which Ripple Labs would promote price movements of XRP.

44. Ripple Labs’ promotion of XRP’s price reached new highs in December 2017. In one instance, Ripple’s XRP product manager retweeted a tweet exclaiming: “Wow, XRP at all-time high! Forget about bitcoin, *we’re all in on XRP!*” (Emphasis added.)¹³

45. Around that same time, on or about December 7, 2017, Ripple Labs announced that it had placed “55 billion XRP in a cryptographically-secured escrow account to create certainty of XRP supply at any given time.”¹⁴ It had been previously announced in May 2017 that this would happen along with a limited distribution schedule. This was done to limit the available supply of XRP and drive price appreciation, which allowed Defendants to maximize profits from XRP sales. The December 7, 2017 announcement stated:

By securing the lion’s share of XRP in escrow, people can now mathematically verify the maximum supply that can enter the market. While Ripple has proved to be a responsible steward of XRP supply for almost five years – and has clearly demonstrated a tremendous track record of investing in and supporting the XRP

¹¹ 14Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last visited on June 29, 2018).

¹² Ripple Price Passes Historic \$1 Milestone, <https://www.coindesk.com/ripple-price-passes-historic-1-milestone/> (last visited on June 29, 2018).

¹³ @warpaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829 (last visited on June 29, 2018).

¹⁴ <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability> (last visited on June 29, 2018).

ecosystem – this lockup eliminates any concern that Ripple could flood the market, which we’ve pointed out before is a scenario that would be bad for Ripple!¹⁵

46. The article contained a button to allow readers to share it on Twitter with the caption “Game changer for \$XRP! 55 billion XRP now in escrow.”¹⁶ Ripple also promoted this article through its own tweet, which proclaimed: “55B \$XRP is now in escrow. Interested in what this means for \$XRP markets?”¹⁷ Garlinghouse was even more enthusiastic, tweeting: “Boom! 55 B \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this #cryptokitty out of the bag!”¹⁸

47. Ripple’s public commitment to limit the supply of XRP had its intended effect. In the weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on December 7, 2017 to \$3.38 per token on January 7, 2018.¹⁹

48. Ripple Labs’ CEO, Brad Garlinghouse, has also been a vocal advocate for investing in XRP. In a December 14, 2017 interview with Canada’s Business News Network (“BNN”), when asked if he is personally invested in XRP, the CEO stated “I’m long XRO, I’m very, very long XRP as a percentage of my personal balance sheet.” He continued, stating that he is “not long some of the other [digital] assets, because it is not clear to me what’s the real utility, what problem are they really solving.” And ended by reiterating “if you’re solving a real problem, if it’s a scaled problem, then I think you have a huge opportunity to continue to grow that. We have been really fortunate obviously, *I remain very, very, very long XRP*, there is an expression in the industry HODL, instead of hold, its HODL . . . I’m on the HODL side” (emphasis added).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ <https://twitter.com/Ripple/status/938933967956389889>.

¹⁸ <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

¹⁹ XRP would subsequently lose nearly all its value in just over three months, falling to a low of approximately \$0.48 per token on April 6, 2018.

1 49. Later that same day, Garlinghouse tweeted: “Bloomberg welcomes \$XRP to
2 @theterminal and gets it right – #2 market cap behind \$BTC at ~\$80BB!”²⁰

3 50. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article
4 titled “Bitcoin Is So 2017 as Ripple Soars at Year End,” with the caption “I’ll let the headline speak
5 for itself. \$xrp.”²¹

6 51. On or about January 17, 2018, Garlinghouse tweeted a CNBC article titled “Ripple is
7 sitting on close to \$80 billion and could cash out hundreds of millions per month-but it isn’t,” with
8 the caption “A good read on why fostering a healthy \$XRP ecosystem is a top priority at @Ripple.”

9 52. However, the reality was that Ripple Labs was doing exactly that – cashing out.
10 Defendants sold at least \$167.7 million worth of XRP between January 1, 2018 and March 31,
11 2018.

12 53. Given its reliance on sales of XRP to fund its operations, it is unsurprising that
13 Ripple Labs’ aggressively markets XRP to drive demand, increase the price of XRP, and
14 consequently, its own profits.

15 54. Defendants’ advertising and social media postings also conflate adoption and use of
16 Ripple Labs’ xCurrent and xVia enterprise solutions with adoption and use of XRP, even though
17 they often have little to no correlation and do not involve the XRP Ledger. Defendants do this to
18 drive demand for XRP and thereby maximize profits from XRP sales.

19 55. According to its site, “xCurrent is Ripple’s enterprise software solution that enables
20 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks
21 message each other in real-time to confirm payment details prior to initiating the transaction and to
22 confirm delivery once it settles.”²²

23 ²⁰ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464> (last visited on
24 June 29, 2018).

25 ²¹ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248> (last visited on
26 June 29, 2018).

27 ²² Process Payments, xCurrent, <https://ripple.com/solutions/process-payments/> (last visited on June
28 29, 2018).

1 56. xCurrent doesn't operate on the same technology as XRP or even require the use of
2 XRP. In short, there is no reason to believe that adoption of xCurrent would correlate in any way
3 with adoption of XRP.

4 57. Nor does use of Ripple Labs' xVia product require adoption of XRP. Ripple Labs
5 states that its xVia product is "for corporates, payment providers and banks who want to send
6 payments across various networks using a standard interface."²³

7 58. Ripple Labs nevertheless conflates the adoption of xCurrent and xVia with the
8 adoption of XRP.

9 59. Another of Ripple Labs' enterprise solutions, xRapid, which does use XRP, is also
10 used to drive XRP sales (xRapid, along with xCurrent and xVia, are together referred to herein as
11 "Ripple Labs' Enterprise Solutions").

12 60. Indeed, Ripple Labs regularly promotes its improvements to the XRP ecosystem,
13 which are intended to increase demand for XRP and thus potential returns for XRP investors. For
14 example, in describing the reasons behind the dramatic price appreciation of XRP during the fourth
15 quarter of 2017, Ripple specifically cited as of "particular importance," the Company's various business
16 initiatives, including: (i) Ripple's partnership with American Express/Santander; (ii) Ripple's activation
17 of the previously discussed escrow of XRP to limit periodic offers and distributions; and (iii) a
18 Japanese/Korean banking consortium backed by the Company.²⁴ In the report, Ripple stated that its
19 "consistent and steadfast support of XRP is a major advantage as the payments industry continues to
20 seriously consider it as an alternative liquidity solution."²⁵

21 61. A November 2015 white paper by the Company highlighted "XRP's Role on Ripple
22 and the Internet of Value" and how the Company's technologies could turn a "Spark to a Wildfire"

23 ²³ Send Payments, xVia, <https://ripple.com/solutions/send-payments/> (last visited on June 29,
24 2018).

25 ²⁴ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

26 ²⁵ *Id.*

1 by increasing liquidity and efficiencies for cross-border transactions for the Company's banking
 2 clients. A February 2016 white paper followed up on those purported "network effects," claiming
 3 that the use of the Ripple network at XRP would increase banks' returns on investment by
 4 improving the global payment infrastructure.

5 62. In addition, on March 20, 2017, Ripple Labs retweeted a Bloomberg article regarding
 6 adoption of Ripple Labs Enterprise Solutions, proclaiming "Ripple is the only company in this
 7 space with real customers who are really in production."²⁶

8 63. The price of XRP increased rapidly following this tweet and on March 24, 2017
 9 Ripple Labs tweeted: "The price of #XRP continues to surge showing that people are looking for
 10 #bitcoin alternatives."²⁷

11 64. On April 26, 2017, Ripple Labs tweeted a link to an article on its own site,
 12 proclaiming "#Ripple welcomes 10 additional customers to our #blockchain #paymentsnetwork."²⁸
 13 Neither this tweet nor the article it linked to informed readers that the blockchain payments
 14 network did not refer to the XRP Ledger, but rather Ripple's xCurrent enterprise solution.

15 65. Just days later, on May 3, 2017, with the price of XRP continuing to rise, Ripple
 16 Labs tweeted: "#Ripple adoption is sparking interest in XRP 'which has had an impressive rally in
 17 the last months' via @Nasdaq."²⁹

18 66. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases"
 19 have made the direct connection between the price of XRP and the adoption of the Company's
 20
 21
 22

23
 24 ²⁶ @Ripple, <https://twitter.com/Ripple/status/844009778309357568> (last visited on June 29, 2018).

25 ²⁷ @Ripple, <https://twitter.com/Ripple/status/845347809830195200> (last visited June 29, 2018).

26 ²⁸ @Ripple, <https://twitter.com/Ripple/status/857267304618278912> (last visited June 29, 2018).

27 ²⁹ @Ripple, <https://twitter.com/Ripple/status/859904105916923904> (last visited June 29, 2018).

Enterprise Solutions.³⁰ Ripple itself has made this link, for example tweeting on May 16, 2017: “The appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin.”³¹

67. On June 29, 2017, Ripple Labs tweeted a clip of an interview its CEO Brad Garlinghouse gave on CNBC with the caption: “#XRP-up 4000% this year-has shown the market favors a real use case for #digitalassets”³² In that interview, Garlinghouse proclaims that “digital assets are in a position to be more valuable than gold,” and describes XRP as “solving a real-world use case, it’s not just about speculators.”

68. On September 11, 2017, Garlinghouse stated in an interview with CNBC: “People are looking at the success Ripple has been having as a company, *and I think that’s increased the value of XRP.*”³³ (emphasis added). He continued by stating that Ripple wants “to keep focusing on making XRP a valuable payments tool, and that value will increase accordingly,” and he was “voting with my . . . pocketbook on the future increased value of cryptocurrencies.”³⁴

69. On November 27, 2017, Garlinghouse tweeted “Ripple & \$XRP are giving business ‘what they want in a #blockchain,’” along with a link to a Motley Fool tweet.³⁵ That Motley Fool tweet in turn stated that “AmEx and Banco Santander will use Ripple’s blockchain network for instant intl. fund transfers. *Could be a big deal for Ripple’s XRP cryptocurrency.* \$ASP \$SAN” (emphasis added.)³⁶

³⁰ <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

³¹ @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

³² @Ripple, <https://twitter.com/Ripple/status/880532198025121793> (last visited June 29, 2018).

³³ <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html> (last visited June 29, 2018).

³⁴ *Id.*

³⁵ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366> (last visited on June 29, 2018).

³⁶ @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553> (last visited on June 29, 2018).

70. Similarly, on December 14, 2017, Ripple Labs tweeted: “The Japan Bank Consortium launched a Ripple pilot with two large Korean Banks – the first time money moves from Japan to Korea over RippleNet.”³⁷ On that same day, Ripple Labs tweeted “@garlinghouse [its CEO’s twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why \$XRP will come out on top.”³⁸

71. Ripple Labs would later acknowledge that “neither the AMEX news nor the Korean bank initiative involved XRP.”

72. Nevertheless, this tweet linked to a BNN interview with Mr. Garlinghouse, in which he says:

The reason why XRP has performed so well this year, we’re solving a real problem, it’s a multi-trillion dollar problem around cross-border payments. There is a lot of friction its very slow its expensive, we’re working with the institutions to deal with that, so people have gotten excited. We now have over 100 customers we’ve announced publicly.

He continues,

[A]t the end of the day the value of digital assets will be driven by their utility. If they are solving a real problem, and that problem has scale, and that problem, you know there is real value there, then there will be demand for the tokens and the price will go up. For XRP we have seen because *its required*, its something that can really reduce the friction, and we’re talking about a multi-trillion dollar problem in how cross-border payments flow. And so, I think if you drive real utility, yes there’s going to be demand for that. *XRP is up 100x this year*, and I think it’s *because the problem we are solving people realize is a real problem, it’s a big problem*.

(Emphasis added.)

73. On January 4, 2018, following XRP’s rapid price increase, The *New York Times* published an article by Nathaniel Popper titled: “Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg.”³⁹ Mr. Popper tweeted a link to this article with the caption: “On the rise of

³⁷ @Ripple, <https://twitter.com/Ripple/status/941501026267316224> (last visited on June 29, 2018).

³⁸ @Ripple, <https://twitter.com/Ripple/status/941352005058011137> (last visited on June 29, 2018).

³⁹ @nathanielpopper, “Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg,” NY TIMES (Jan. 4, 2018).

Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies”⁴⁰. He further commented, “I’ve asked several people close to banks if banks are indeed planning to begin using Ripple’s token XRP, in a serious way, which is what investors seem to assume when they buy in at the current XRP prices. This is a sampling what I heard back:

- Actual use of XRP by banks is not something I’ve heard about, I find the run up absolutely bluffing, as do all the blockchain folks I know at large Fis.
- XRP isn’t used for anything. The hope is that someday it will be by banks, but there really aren’t banks signaling that yet.
- I would be surprised if there have been any real bank transactions done with it (outside of maybe test transactions), despite people making claims to the contrary.
- It’s not clear to me why XRP would be used by banks at all. XRP could potentially be adopted by consumers as a payment rail, although they don’t yet have meaningful traction in that regard.
- I haven’t seen a sufficiently large catalyst in the fundamentals of Ripple to justify a greater than 10x move in the price of \$XRP in the last month.
- In a few years we’re going to look back on 2017 and think WTF were we thinking.”⁴¹

74. Defendant Garlinghouse publicly responded to this, tweeting: “Over the last few months I’ve spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our XRP liquidity product) in a serious way” He follows up stating, “I don’t think you want to hear about validation for XRP. The @NYTimes should be above spreading anonymous FUD.”⁴² FUD, which stands for fear, uncertainty, and doubt, is an expression frequently used among crypto-investors to deride or undermine criticism of an asset.

75. On January 4, 2018, Ripple’s XRP product manager also attacked Mr. Popper, tweeting: “Do you think I left #Bitcoin and joined @Ripple to build bank software? Think again.

⁴⁰ @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

⁴¹ @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

⁴² @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

1 \$XRP.”⁴³ This tweet linked to a Ripple Labs tweet stating that “3 of the top 5 global money
2 transfer companies plan to use XRP in payment flows in 2018. Even more in the pipeline.”

3 76. In January 2018, Ripple Labs touted “a partnership with MoneyGram – one of the
4 world’s largest money transfer companies – to use xRapid and XRP for near real-time cross-border
5 payments. In addition, there are a number of other xRapid deals at various stages of completion in
6 the pipeline.” It also stated that it wanted “to build the necessary markets infrastructure for
7 eventual direct usage of XRP by financial institutions.” Defendant Garlinghouse commented on
8 this partnership, saying: “And to be clear: @MoneyGram announcement is one step in a marathon
9 ahead to truly make \$XRP the global liquidity solution for payment providers and banks.”⁴⁴

10 77. By way of the internet, including Ripple Labs’ website, Twitter, and the over 50
11 cryptocurrency exchanges that trade XRP, interstate means are used in connection with the offer
12 and sale of XRP.

13 C. XRP Is a Security

14 78. Plaintiff and the Class invested fiat, including U.S. dollars, and other digital
15 currencies, such as Bitcoin and Ethereum, to purchase XRP.

16 79. Defendants sold XRP to the general public through global, online cryptocurrency
17 exchanges. XRP can be bought or sold on over 50 exchanges.

18 80. Every purchase of XRP by a member of the public is an investment contract.

19 81. Under Section 2(a)(1) of the Securities Act, a “security” is defined to include an
20 “investment contract.” 15 U.S.C. § 77b(a)(1). An investment contract is “an investment of money
21 in a common enterprise with profits to come solely from the efforts of others.” *S.E.C. v. W.J.*
22 *Howey Co.*, 328 U.S. 293, 301 (1946). Specifically, a transaction qualifies as an investment
23 contract and, thus, a security if it is: (1) an investment; (2) in a common enterprise; (3) with a
24

25 ⁴³ @Warren Paul Anderson, <https://twitter.com/warpaul> (last visited on June 29, 2018).

26 ⁴⁴ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912> (last visited on
27 June 29, 2018).

1 reasonable expectation of profits; (4) to be derived from the entrepreneurial or managerial efforts of
 2 others. *See United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852-53 (1975). This
 3 definition embodies a “flexible rather than a static principle, one that is capable of adaptation to
 4 meet the countless and variable schemes devised by those who seek the use of the money of others
 5 on the promise of profits,” and thereby “permits the fulfillment of the statutory purpose of
 6 compelling full and fair disclosure relative to the issuance of ‘the many types of instruments that in
 7 our commercial world fall within the ordinary concept of a security.’” *Howey*, 328 U.S. at 299.
 8 Accordingly, in analyzing whether something is a security, “form should be disregarded for
 9 substance,” and the emphasis should be “on economic realities underlying a transaction, and not on
 10 the name appended thereto.” *Forman*, 421 U.S. at 849.

11 82. Plaintiff and the Class were investing in a common enterprise with a reasonable
 12 expectation of profits when they invested in XRP.

13 83. The profits of Plaintiff and the Class are intertwined with the fortunes of Ripple
 14 Labs. Ripple Labs concedes that it “sells XRP to fund its operations and promote the network.
 15 This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple
 16 protocol and network.”⁴⁵

17 84. Notably, the SEC has already concluded that virtual currency substantially similar to
 18 XRP are “securities and therefore subject to the federal securities laws.” As stated by the SEC,
 19 “issuers of distributed ledger or blockchain technology-based securities must register offers and
 20 sales of such securities unless a valid exemption applies.”⁴⁶

21 85. No such valid exemption from registration requirements exists for XRP.

22 86. The current SEC Chairman, Jay Clayton, III, recently said, “I have yet to see an ICO
 23 that doesn’t have a sufficient number of hallmarks of a security.”⁴⁷

24 ⁴⁵ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP (last visited on June 29, 2018).

25 ⁴⁶ Press Release: *SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were*
 26 *Securities*, SEC (July 25, 2017), <https://www.sec.gov/news/press-release/2017-131>.

27 ⁴⁷ Dave Michaels and Paul Vigna, “SEC Fires Warning Shot Against Coin
 28 Offerings,” WALL STREET JOURNAL (Nov. 9, 2017).

CLASS ACTION ALLEGATIONS

87. This suit is brought as a class action pursuant to Section 382 of the California Code of Civil Procedure, on behalf of a Class of all persons or entities who purchased XRP from July 3, 2015 through the present. Excluded from the Class are Defendants; the officers and directors of the Company and XRP II at all relevant times; members of their immediate families and their legal representatives, heirs, successors, or assigns; and any entity in which Defendants have or had a controlling interest.

88. Plaintiff reserves the right to amend the Class definition if further investigation and/or discovery indicate that the Class definition should be modified.

89. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members of the proposed Class. The members of the proposed Class may be identified from records maintained by the Company and may be notified of the pendency of this action by mail, using customary forms of notice that are commonly used in securities class actions.

90. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct.

91. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

92. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether XRP are securities under the Securities Act;
- (b) whether the sale of XRP violates the registration requirements of the Securities Act; and
- (c) to what extent Plaintiff and members of the Class have sustained damages and the proper measure of damages.

1 93. A class action is superior to all other available methods for the fair and efficient
 2 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
 3 damages suffered by individual Class members may be relatively small, the expense and burden of
 4 individual litigation make it impossible for members of the Class to individually redress the wrongs
 5 done to them. There will be no difficulty in the management of this action as a class action.

6 CAUSES OF ACTION

7 FIRST CAUSE OF ACTION

8 **Unregistered Offering and Sale of Securities in Violation of** 9 **Sections 5 and 12(a)(1) of the Securities Act** 10 **(Against All Defendants)**

11 94. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates
 12 herein by reference each and every allegation contained in the preceding paragraphs of this complaint,
 13 and further alleges as follows:

14 95. Defendants, and each of them, by engaging in the conduct described above, directly or
 15 indirectly, made use of means or instruments of transportation or communication in interstate commerce
 16 or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried
 17 through the mails or in interest commerce for the purpose of sale or for delivery after sale.

18 96. XRP are securities within the meaning of Section 2(a)(1) of the Securities Act, 15 U.S.C.
 19 §77b(a)(1).

20 97. Plaintiff and members of the Class purchased XRP securities.

21 98. No registration statements have been filed with the SEC or have been in effect with
 22 respect to any of the offerings alleged herein. No exemption to the registration requirement applies.

23 99. SEC Rule 159A provides that, for purposes of Section 12(a)(2), an “issuer” in “a primary
 24 offering of securities” shall be considered a statutory seller. 17 C.F.R. § 230.159A(a). The Securities
 25 Act in turn defines “issuer” to include every person who issues or proposes to issue any security. 15
 26 U.S.C. § 77b(a)(4). Ripple Labs and XRP II are issuers of XRP.

27 100. The U.S. Supreme Court has held that statutory sellers under §12(a)(1) also include “the
 28 buyer’s immediate seller” and any person who actively solicited the sale of the securities to plaintiff and

1 did so for financial gain. *See Pinter v. Dahl*, 486 U.S. 622, 644 n.21 & 647 (1988); *accord, e.g., Steed*
 2 *Finance LDC v. Nomura Sec. Int'l, Inc.* No. 00 Civ. 8058, 2001 WL 1111508, at *7 (S.D.N.Y. Sept. 20,
 3 2001). That is, §12(a)(1) liability extends to sellers who actively solicit the sale of securities with a
 4 motivation to serve their own financial interest or those of the securities owner. *Pinter v. Dahl*, 486 U.S.
 5 622, 647 (1988); *Capri v. Murphy*, 856 F.2d 473, 478 (2d Cir. 1988). Ripple Labs, XRP II, and the
 6 Individual Defendants are all statutory sellers.

7 101. By reason of the foregoing, each of the Defendants have violated Sections 5(a), 5(c), and
 8 12(a) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), and 771(a).

9 102. As a direct and proximate result of Defendants' unregistered sale of securities, Plaintiff
 10 and the Class have suffered damages in connection with their XRP purchases.

11 SECOND CAUSE OF ACTION

12 Violation of Section 15 of the Securities Act 13 (Against Ripple Labs and the Individual Defendants)

14 103. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates
 15 herein by reference, each and every allegation contained in the preceding paragraphs of this Complaint,
 16 and further alleges as follows:

17 104. This Count is asserted against Defendants Ripple Labs and the Individual Defendants
 18 (collectively, the "Control Person Defendants") under Section 15 of the Securities Act, 15 U.S.C. §77o.

19 105. The Control Person Defendants, by virtue of their offices, ownership, agency, agreements
 20 or understandings, and specific acts were, at the time of the wrongs alleged herein, and as set forth
 21 herein, controlling persons within the meaning of Section 15 of the Securities Act. The Control Person
 22 Defendants, and each of them, had the power and influence and exercised the same to cause the
 23 unlawful offer and sale of XRP securities as described herein.

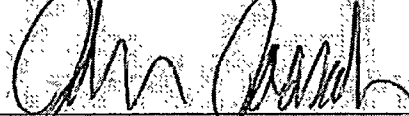
24 106. The Control Person Defendants, separately or together, possess, directly or indirectly, the
 25 power to direct or cause the direction of the management and policies of XRP II, through ownership of
 26 voting securities, by contract, subscription agreement, or otherwise.

27 107. The Control Person Defendants also have the power to direct or cause the direction of the
 28 management and policies of Ripple Labs.

1 I Awarding Plaintiff and the other members of the Class such other and further relief as the
2 Court may deem just and proper.

3
4 DATED: July 3, 2018

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8 [Additional Counsel on Signature Page]

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SAN MATEO

11 VLADI ZAKINOV, Individually and on
 12 Behalf of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 RIPPLE LABS INC.,
 XRP II, LLC,
 16 BRADLEY GARLINGHOUSE, and
 DOES 1-25, Inclusive,

17 Defendants.

ENDORSED FILED
SAN MATEO COUNTY

JUN 05 2018

Clerk of the Superior Court
 By MIRNA P. RIVERA-MARTINEZ
 DEPUTY CLERK

Case No.

18C1V02845

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
 CALIFORNIA CORPORATIONS CODE

DEMAND FOR JURY TRIAL

FILE BY FAX

1. Plaintiff, individually and on behalf of all others similarly situated, by his undersigned attorneys, alleges the following based upon personal knowledge as to plaintiff and plaintiff's own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff's attorneys, which included, among other things, a review of media and reports about the Company and Company press releases against defendants Ripple Labs Inc. ("Ripple" or the "Company"), its wholly owned subsidiary XRP II, LLC ("XRP II"), and Ripple's Chief Executive Officer, Bradley Garlinghouse ("Garlinghouse"). Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

2. Plaintiff brings this class action on behalf of all California citizens who purchased or otherwise acquired Ripple tokens ("XRP") issued and sold by defendants.

3. XRP, despite its name as a "token," is actually a security under California law. In particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures; (ii) the Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiff and the Class (as defined herein) are effectively powerless to control the success of Ripple and XRP; and (iv) plaintiff and the Class members' investment is substantially at risk and is without any security.

4. As a result, defendants were required to register XRP when offering or selling it. They did not. Instead, they made a series of improper statements which drove up the price of XRP, allowing defendants to obtain greater returns on their XRP sales.

5. This Court has jurisdiction over the causes of action asserted herein pursuant to the California Constitution, Article VI, section 10, because this case is a cause not given by statute to other trial courts.

1 6. The violations of law complained of herein occurred in California and in large
2 part in this County. More, certain of the defendants reside in San Mateo County.

3 7. This Court has personal jurisdiction over each of the defendants named herein
4 because they conduct business, were citizens of, or took steps to conduct the initial coin offering
5 ("ICO") in California.

6 8. Venue is proper because the defendants' wrongful acts arose in and emanated
7 from, at least in part, this County. The violations of law complained of herein occurred in this
8 County. Further, certain of the defendants live in or conduct business in this County.

9 9. This Court also has personal jurisdiction over Defendants because they reside or
10 have their principal places of business in California.

11 **THE PARTIES**

12 **Plaintiff**

13 10. Plaintiff Vladi Zakinov is a citizen of California. Plaintiff purchased XRP in
14 January 2018 and was damaged thereby.

15 **Defendants**

16 11. Defendant Ripple is a corporation with principal executive offices located at 315
17 Montgomery Street, 2nd Floor, San Francisco, California. Ripple operates RippleNet, a global
18 payments network based on blockchain technology. Through RippleNet, banks and payment
19 providers can use the digital asset XRP to process, clear, and settle financial transactions in real-
20 time worldwide.

21 12. Defendant XRP II is a limited liability company and a wholly owned subsidiary
22 of Ripple. Its principal place of business is in San Francisco, California. XRP II sold XRP and
23 solicited the purchases of XRP from plaintiff and the Class for its own benefit and the benefit of
24 its parent, Ripple, and its executives and owners, such as defendant Garlinghouse

25 13. Defendant Garlinghouse is Ripple's Chief Executive Officer and has been since
26 January 2017 and a director and has been since at least July 2017. Defendant Garlinghouse was
27 also Ripple's President and Chief Operating Officer from April 2015 to December 2016.
28 Defendant Garlinghouse is a California citizen and a resident of San Mateo County.

1 14. The true names and capacities of defendants sued herein under California Code of
2 Civil Procedure section 474 as Does 1 through 25, inclusive, are presently not known to plaintiff,
3 who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this
4 complaint and include these Doe defendants' true names and capacities when they are
5 ascertained. Each of the fictitiously named defendants is responsible in some manner for the
6 conduct alleged herein and for the injuries suffered by the Class.

7 **RIPPLE INDISCRIMINATELY OFFERS XRP TO THE PUBLIC**
8 **AT LARGE, WHICH PLAINTIFF AND THE CLASS INVESTED**
9 **IN WITH AN EXPECTATION OF PROFIT**

10 15. Ripple sells XRP through exchanges and directly to investors. The Company lists
11 the various exchanges on which investors can purchase XRP on its website, and for some
12 provides step by step purchasing directions.

13 16. Plaintiff and the Class invested fiat and other digital currencies, such as Bitcoin
14 and Ethereum, to purchase XRP.

15 17. Plaintiff used Ethereum to purchase XRP. In particular, plaintiff purchased 162
16 XRP at \$1.4337 and 57 XRP at \$1.365 on January 11, 2017, and 299 XRP at a price of \$1.0923
17 on January 27, 2018. Plaintiff has not sold any of his XRP.

18 18. Plaintiff and the Class invested in XRP with the expectation that XRP would
19 increase in value and result in a profit. As explained below, defendants have promoted XRP and
20 conflated the value of XRP with its other software efforts.

21 **RIPPLE USES PLAINTIFF AND THE CLASS MEMBERS' UNSECURED PASSIVE**
22 **INVESTMENTS TO FUND THE COMMON ENTERPRISE**

23 19. Ripple concedes that it "sells XRP to fund its operations and promote the
24 network. This allows Ripple [] to have a spectacularly skilled team to develop[] and promote the
25 Ripple protocol and network." Ripple sold nearly \$92 million worth of XRP in the fourth quarter
26 of 2017 alone. On information and belief, the sale of XRP substantial dwarfs any other source of
27 revenue for the Company.

20. In addition, plaintiff and the Class members' investment is entirely passive. Plaintiff and the Class have⁶ no ability to control the direction of the Company or the development of the XRP Ledger (described in more detail below). Rather, it is through the efforts of defendants that plaintiff expected to make a profit on his investment. In particular, the efforts of defendants to maintain and push the adoption of XRP and the XRP Ledger, of which they have near complete control, is explained below.

21. Plaintiff and the Class members' investment in XRP is unsecured and at risk of loss at all times, largely depending on defendants' actions. If defendants fail to create an adequate market for XRP, inadequately or incorrectly manage the XRP Ledger, or there is a loss of confidence in Ripple's management by the general market, plaintiff and the Class members' investment in XRP will likely lose money.

**THE VALUE OF XRP IS DERIVED FROM DEFENDANTS' EFFORTS
ON BEHALF OF THE COMMON ENTERPRISE**

XRP's Value Is a Result of Defendants' Efforts

Defendants Control Both the Supply of XRP in the Market and the XRP Ledger

22. Since its creation, defendants have focused on how to create, maintain, and increase the value of XRP. First, they focused on limiting the supply of XRP while also increasing its usage. Defendants created all 100 billion XRP at one time. XRP is currently the third largest coin by market capitalization, with a market capitalization of approximately \$24 billion.

23. Ripple provided its founders with twenty billion XRP and held onto the rest. defendants' plan was to sell the other eighty billion XRP in basically a never ending ICO. In particular, Ripple put fifty-five billion XRP into an escrow account and has the ability to sell up to one billion XRP a month.

24. Ripple's control over XRP's supply is different than other popular cryptocurrencies, such as Bitcoin. One of the hallmarks of a cryptocurrency is that control of the currency is supposedly "decentralized." In contrast to a governmental system, where, for example in the United States, the Federal Reserve system controls the supply of currency,

1 cryptocurrencies work through distributed ledger technology, which has no central administrator
2 or centralized data storage. It is the ledger of a cryptocurrency that can record transactions
3 between two parties. This instant creation of the XRP security, which its set cap, stands in stark
4 contrast to other well-known cryptocurrencies, such as Bitcoin, which are constantly being
5 "mined."¹

6 25. Ripple created and continues to work on the XRP Ledger, in which XRP's
7 adoption and value depends. The XRP Ledger, as opposed to Bitcoin, is not decentralized, as
8 Ripple basically admits. The Company has a multiple page explanation on "The XRP Ledger
9 Consensus Process" on its website. There, Ripple explains how the "nodes" of the network share
10 information about candidate transactions, which validates the transactions. Unlike Bitcoin or
11 Ethereum, which is open to the world, the XRP Ledger nodes "evaluate proposals from a specific
12 set of peers, called chosen validators [also known as Unidug Node Lists ("UNLs)]." These
13 UNLs are chosen by Ripple itself based on what it deems "trusted," meaning nodes that will not
14 collude.

15 26. In its long discussion of the XRP Ledger Consensus Process, Ripple never calls
16 XRP decentralized, though it does confusingly say the ledger consists of "distributed" servers.
17 Rather, it claims to have come up with a plan "to increase decentralization and ensure that no
18 single entity has operational control of the XRP Ledger." While the XRP Ledger could one day
19 be decentralized, it is not currently. Instead, Ripple admits that "Beyond our work on
20 decentralization, we have also focused on refining and improving the XRP Ledger Consensus
21 Protocol, the algorithm underlying the XRP Ledger."

22 27. On February 6, 2018, BitMEX ran an article titled "The Ripple Story," in the
23 wake of XRP's substantial increase in value. In short, the researchers found that "the default
24 behaviour of Rippled nodes effectively hands full control over updating the ledger to the
25 Ripple.com server" and that "More significant than the disputes is the fact that the Ripple system
26

27 ¹ Mining is when transactions are verified and added to the public ledger, known as a blockchain,
28 as a means through which new bitcoin are released.

1 appears for all practical purposes to be centralised and is therefore perhaps devoid of any
2 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
3 have...."

4 28. BitMEX explained in reasoning that led it to conclude that the XRP Ledger is
5 centralized:

6 In January 2018, the BitMEX Research team installed and ran a copy of Rippled
7 for the purpose of this report. The node operated by downloading a list of five
8 public keys from the server v1.ripple.com, as the screenshot below shows. All
9 five keys are assigned to Ripple.com. The software indicates that four of the five
10 keys are required to support a proposal in order for it to be accepted. Since the
11 keys were all downloaded from the Ripple.com server, Ripple is essentially in
12 complete control of moving the ledger forward, so one could say that the system
is centralised. Indeed, our node indicates that the keys expire on 1 February 2018
(just a few days after the screenshot), implying the software will need to visit
Ripple.com's server again to download a new set of keys.

13 29. Further, Ripple publishes a quarterly report detailing its efforts grow the "XRP
14 ecosystem." In its report for the second quarter of 2017, the Company admitted that it continues
15 to work on the XRP Ledger. In particular, it stated, "[m]ost importantly, we are accelerating the
16 pace of *our investment* in the XRP Ledger to build on its speed, uptime, and scalability, to
17 ensure XRP is the most trusted enterprise-grade digital asset."

18 30. Thus, defendants control both the supply of XRP and the ledger on which it is
19 based.

20 **Defendants' Efforts to Market and Increase the Value of XRP**

21 31. In addition, defendants control the value of XRP by continuously touting it in the
22 press and obscuring the role of the security. In the press release announcing the formation of the
23 escrow account, Ripple stated that:

24 [The] move underscores Ripple's commitment to building XRP liquidity and a
25 healthy and trusted market. Long term, the value of digital assets will be
26 determined by their utility. XRP has emerged as the only digital asset with a clear
27 intuitional use case designed to solve a multittrillion-dollar problem—the global
28 payment and liquidity challenges that banks, payment providers and corporates
face.

1 32. Discussing the escrow account, defendant Garlinghouse stated that, "Our goal in
2 distributing XRP is to incentivize actions that build trust, utility and liquidity. We engage in
3 distribution strategies that we expect will result in a strengthening XRP exchange rate against
4 other currencies." Defendant Garlinghouse continued:

5 [W]e have heard concerns in the market about uncertainty surrounding our
6 ongoing XRP distribution. The root of this uncertainty is the notion that Ripple
7 might one day sell its 61.68B XRP in the market at any time—a scenario that
8 would be bad for Ripple! Our self-interest is aligned with building and
maintaining a healthy XRP market.

9 33. In addition to limiting supply of XRP, defendants also attempted to build demand
10 for the security by aggressively marketing it. Ripple's website contains a page on "How to Buy
11 XRP," which has links to various exchanges on which a person can buy XRP and even a "How
12 to" on certain of those pages.

13 34. There is also a page on Ripple's website dedicated to XRP's market performance.
14 The page boldly stated that the Company is "committed to the long term health and stability of
15 XRP markets." The page also displays Ripple's market capitalization and the value of each XRP
16 security in U.S. Dollars.

17 35. Defendants have also conflated the Company's software products with XRP in
18 order to increase the value of XRP. Ripple develops software for financial institutions and
19 payment providers that attempt, among other things, to minimize liquidity costs, known as
20 xCurrent, xRapid, and xVia. xCurrent is "Ripple's enterprise software solution that enables
21 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks
22 message each other in real-time to confirm payment details prior to initiating the transaction and
23 to confirm delivery once it settles." xVia "is for corporates, payment providers and banks who
24 want to send payments across various networks using a standard interface." Neither xCurrent
25 nor xVia require the use of XRP.²

26 _____
27 ² The only product that actually needs XRP is xRapid. xRapid is supposedly "for payment
28 providers and other financial institutions who want to minimize liquidity costs while improving
their customer experience. Because payments into emerging markets often require pre-funded

1 36. For instance, on June 28, 2017, defendant Garlinghouse participated in an
2 interview on CNBC. During the interview, defendant Garlinghouse discussed why XRP was "a
3 more stable digital asset." In among other things, defendant Garlinghouse highlighted the
4 payment technology that Ripple was working on. In doing so, defendant Garlinghouse again
5 conflated the value of XRP with software Ripple was developing. To make matters worse,
6 Ripple then retweeted a portion of that interview that was originally tweeted by the CNBC
7 reporter.

8 37. During a Bloomberg News Network interview, defendant Garlinghouse stated that
9 "the reason why XRP has performed so well this year, we're solving a real problem, it's a
10 multitrillion-dollar problem around cross-border payments. There is a lot of friction, its very
11 slow its expensive, we're working with the institutions to deliver on that, so people have gotten
12 excited. We now have over 100 customers we've announced publicly." This discussion, of
13 course, conflated XRP, the security, with the customers using Ripple's products. Defendant
14 Garlinghouse doubled down on this confusion later in the interview, stating "at the end of the day
15 the value of digital assets will be driven by their utility. If they are solving a real problem, and
16 that problem has scale, and that problem, you know there is real value there, then there will be
17 demand for the tokens and the price will go up. For XRP we have seen because *it's required*, it's
18 something that can really reduce the friction, and we're talking about a multitrillion-dollar
19 problem in how cross-border payments flow. And so, I think if you drive real utility, yes there's
20 going to be demand for that." "XRP is up 100x this year, and I think it's because the problem we
21 are solving people realize is a real problem, it's a big problem."

22 38. Articles about Ripple's software products often cause a rise in the price of XRP,
23 even though the two are not linked. Defendants have fostered this confusion through their own
24 statements and "retweets." For instance, on May 3, 2017, Ripple quote tweeted an article from
25 Nasdaq.com, stating "Ripple adoption is sparking interested in XRP, 'which had an impressive
26

27 local currency accounts around the world, liquidity costs are high. xRapid dramatically lowers
28 the capital requirements for liquidity."

1 rally in the last two months." The quoted article discussed how financial institutions were
 2 adopting Ripple's software products, which "in turn, has sparked interest in Ripple's digital
 3 currency." Instead of explaining the difference, defendants, in quote tweeting the article,
 4 continued to give off the incorrect impression about the link between the products and security.

5 39. Similarly, on May 16, 2017, Ripple tweeted a quote from an article about XRP's
 6 market capitalization, stating; "The appeal that Ripple has towards traditional financial
 7 institutions is a big advantage it has over Bitcoin." However, this article confused Ripple's
 8 software solutions with the value of XRP, a confusion fostered by Ripple's quoted tweet.

9 40. Defendants fought back against articles and writers that attempted to unlink XRP
 10 from Ripple's other products. On January 4, 2018, *The New York Times* published an article by
 11 Nathaniel Popper ("Popper") titled: "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival
 12 Zuckerberg."

13 41. Popper tweeted a follow-up about his article, stating, "over the last day, I've asked
 14 several people close to banks if banks are indeed planning to begin using Ripple's token, XRP, in
 15 a serious way, which is what investors seem to assume when they buy in at the current XRP
 16 prices. This is a sampling of what I heard back:

- 17 • Actual use of XRP by banks is not something I've heard about, I find the
 18 run up absolutely baffling, as do all the blockchain folks I know at large
 FIs.
- 19 • XRP isn't used for anything. The hope is that someday it will be by banks,
 20 but there really aren't banks signaling that yet.
- 21 • I would be surprised if there have been any real bank to bank transactions
 22 done with it (outside of maybe test transactions), despite people making
 claims to the contrary.
- 23 • It's not clear to me why XRP would be used by banks at all. XRP could
 24 potentially be adopted by consumers as a payment rail, although they don't
 yet have meaningful traction in that regard.
- 25 • I haven't seen a sufficiently large catalyst in the fundamentals of Ripple to
 26 justify a greater than 10x move in the price of \$XRP over the last month.
- 27 • In a few years we're going to look back on 2017 and think WTF were we
 28 thinking."

1 42. Defendant Garlinghouse responded by tweeting: "Over the last few months I've
2 spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid
3 (our XRP liquidity product) in a serious way...." Ripple's XRP product manager, tweeted: "Do
4 you think I left #Bitcoin and joined @Ripple to build bank software? Think again. \$XRP."

5 43. Accordingly, as shown above, the defendants acted on behalf of the common
6 enterprise, with the expectation of increase the value of XRP, and thus causing a profit.

7 **CLASS ACTION ALLEGATIONS**

8 44. Plaintiff brings this class action individually and on behalf of all California
9 citizens who purchased or otherwise acquired XRP from January 1, 2013 to the present (the
10 "Class"). Excluded from the Class are defendants and their families, the officers and directors
11 and affiliates of defendants, at all relevant times, members of their immediate families and their
12 legal representatives, heirs, successors, or assigns, and any entity in which defendants have or
13 had a controlling interest.

14 45. The members of the Class are so numerous that joinder of all members is
15 impracticable. While the exact number of Class members is unknown to plaintiff at this time and
16 can only be ascertained through appropriate discovery, plaintiff believes that there are thousands
17 of members in the proposed Class. XRP owners and other members of the Class may be
18 identified from records maintained by Ripple and may be notified of the pendency of this action
19 by mail, using the form of notice similar to that customarily used in class actions.

20 46. Plaintiff's claims are typical of the claims of the members of the Class, as all
21 members of the Class are similarly affected by defendants' wrongful conduct, as complained of
22 herein.

23 47. Plaintiff will fairly and adequately protect the interests of the members of the
24 Class and has retained counsel competent and experienced in class and securities litigation.

25 48. There are no unique defenses that may be asserted against plaintiff individually,
26 as distinguished from the other members of the Class. Plaintiff has no interest that is in conflict
27 with, or is antagonistic to, the interests of the members of the Class, and has no conflict with any
28

1 other members of the Class. Plaintiff has retained competent counsel experienced in securities,
2 consumer protection, and Class action litigation to represent himself and the Class.

3 49. Common questions of law and fact exist as to all members of the Class and
4 predominate over any questions solely affecting individual members of the Class. Among the
5 questions of law and fact common to the Class are:

- 6 (a) whether XRP are securities;
- 7 (b) whether defendants violated the California Corporations Code; and
- 8 (c) to what extent the members of the Class have sustained damages and the
9 proper measure of damages.

10 50. A class action is superior to all other available methods for the fair and efficient
11 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
12 the damages suffered by individual Class members may be relatively small, the expense and
13 burden of individual litigation make it impossible for members of the Class to individually
14 redress the wrongs done to them. There will be no difficulty in the management of this action as
15 a class action.

16 FIRST CAUSE OF ACTION

17 **Against All Defendants and Does 1-25 for the Unregistered Offer and Sale of 18 Securities in Violation of California Corporations Code Sections 25110 and 25503**

19 51. Plaintiff incorporates by reference and realleges each and every allegation
20 contained above, as though fully set forth herein.

21 52. This Cause of Action is brought pursuant to California Corporations Code
22 sections 25110 and 25503, on behalf of the Class, against all defendants.

23 53. XRP are securities within the meaning of the California Corporations Code.

24 54. No registration statements have been filed with any state or federal government
25 entity or have been in effect with respect to any of the offerings alleged herein.

26 55. Defendants and each of them, by engaging in the conduct described above within
27 California, directly or indirectly, sold and offered to sell the unregistered securities.
28

1 and appointing plaintiff's counsel as Class counsel;

2 B. Awarding damages in favor of plaintiff and the Class against all defendants,
3 jointly and severally, in an amount to be proven at trial, including interest thereon;

4 C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in
5 this action, including counsel fees and expert fees;

6 D. Awarding rescission or a rescissory measure of damages; and

7 E. Awarding equitable, injunctive or other relief, including disgorgement or
8 restitution, as deemed appropriate by the Court.

9 **JURY DEMAND**

10 Plaintiff demands trial by jury.

11 Dated: June 5, 2018

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EXHIBIT D

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12 Attorneys for Plaintiff

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 COUNTY OF SAN MATEO

15 DAVID OCONER, Individually and on Behalf)
16 of All Others Similarly Situated,)

17 Plaintiff,)

18 v.)

19 RIPPLE LABS, INC.,)
20 XRP II, LLC,)
21 BRADLEY GARLINGHOUSE, and)
22 DOES 1-25, Inclusive,)

23 Defendants.)

Case No.

18CIV03332

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
CALIFORNIA LAW

DEMAND FOR JURY TRIAL

18 - CIV - 03332
CMP
Complaint
1232943



FILED
SAN MATEO COUNTY

JUN 27 2018

Clerk of the Superior Court

By

DEPUTY CLERK

FILE BY FAX

COMPLAINT FOR VIOLATIONS OF CALIFORNIA LAW

1 Plaintiff David Oconer, individually and on behalf of all others similarly situated, by his
2 undersigned attorneys, alleges the following, based upon personal knowledge as to plaintiff and
3 plaintiff's own acts, and upon information and belief as to all other matters based on the investigation
4 conducted by and through plaintiff's attorneys, which included, among other things, a review of filings
5 and press releases by Ripple Labs, Inc. ("Ripple" or the "Company"), its wholly owned subsidiary XRP
6 II, LLC ("XRP II"), and analyst and media reports and other publicly disclosed reports and information
7 about the Company and XRP II. Plaintiff believes that substantial additional evidentiary support will
8 exist for the allegations set forth herein, after a reasonable opportunity for discovery.

9 SUMMARY OF ACTION

10 1. This is a securities class action on behalf of all California purchasers of Ripple tokens
11 ("XRP"), brought against Ripple, XRP II and the Chief Executive Officer ("CEO") of the Company,
12 Bradley Garlinghouse ("Garlinghouse"), who promoted, sold and solicited the sale of XRP. Defendants
13 raised hundreds of millions of dollars through the unregistered sale of XRP, including selling to retail
14 investors, in violation of the law.

15 2. Under California law, offers and sales of securities must be qualified with the
16 Commissioner of Corporations, unless exempt. These laws are designed to protect the public, by
17 requiring various disclosures so that investors can better understand the security and the risks associated
18 with investing in that security. The regime of registration and disclosure is the primary means by which
19 regulators prohibit deceit, misrepresentations, and fraud in the sale of securities, and promote the fair
20 and orderly functioning of the securities markets.

21 3. Here, the XRP offered and sold by defendants had all the traditional hallmarks of a
22 security, yet defendants failed to register them as such. The purchase of XRP constitutes an investment
23 contract, as XRP purchasers, including plaintiff, provided consideration (in the form of fiat, such as
24 U.S. dollars, or other cryptocurrencies) in exchange for XRP. XRP purchasers reasonably expected to
25 derive profits from their ownership of XRP, and defendants themselves have frequently highlighted this
26 profit motive. Moreover, the development of the XRP Ledger and other facets of the XRP network, and
27 the return that investors expected to derive therefrom, were, and are, based entirely on the technical,
28 managerial, and entrepreneurial efforts of defendants, and other third parties employed by defendants.

1 Indeed, a feature of XRP that differentiates the cryptocurrency from others such as Bitcoin, is that the
2 security is highly centralized in Ripple. The Company created the XRP token and then used sales of the
3 tokens in order to fund its operations and the development of the XRP ecosystem, which in turn,
4 increased the value of XRP and the potential returns to XRP investors.

5 4. Despite the status of XRP as a security, defendants failed to register XRP and the sale of
6 XRP did not qualify for an exemption from registration. Nevertheless, many of the representations
7 defendants made regarding XRP were designed to drive demand for XRP, allowing defendants to obtain
8 greater returns on their XRP sales. Defendants have since generated hundreds of millions of dollars in
9 gross proceeds by selling XRP to the general public, in what is essentially a series of initial coin
10 offerings ("ICO"). Much like the better-known term, initial public offering ("IPO"), in an ICO, digital
11 assets are sold to consumers in exchange for legal tender or cryptocurrencies (most often Bitcoin and
12 Ethereum). These tokens generally give the purchaser various rights on the blockchain network and
13 resemble the shares of a company sold to investors in an IPO. Unfortunately, ICOs have become a
14 magnet for unscrupulous practices and fraud.

15 5. Plaintiff brings this suit for declaratory relief that XRP is, in fact, a security under
16 applicable laws, and for damages, rescission and other relief as detailed herein.

17 JURISDICTION AND VENUE

18 6. The claims alleged herein arise under §§25110, 25503 and 25504 of the California
19 Corporations Code (the "Corporations Code"). Jurisdiction is conferred by Art. VI, §10 of the
20 California Constitution. Venue is proper pursuant to the California Code of Civil Procedure.

21 7. The violations of law complained of herein occurred in San Mateo County, including the
22 unlawful sale of unregistered securities into this County. In addition, defendants are located and/or
23 conduct business in this County, significant events that led to the sale of unregistered securities
24 occurred in this County, and documents and witnesses are located in this County, or can be found in this
25 County. For example, Ripple raised proceeds from, and is backed by venture capital firms, such as
26 Andreessen Horowitz, which is located in this County, has solicited and sold XRP to investors located
27 in this County, and is run by defendant Garlinghouse, who lives in this County.

8. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mail, interstate telephone communications and the facilities of the national securities markets.

PARTIES

9. Plaintiff David Oconer is a citizen of California, who purchased the XRP promoted and sold by defendants, which was not registered as a security by defendants and was not subject to any exemption from registration.

10. Defendant Ripple Labs, Inc. has its principal place of business in San Francisco, California. Ripple created and sold XRP, through XRP II, and solicited the purchases of XRP from plaintiff and the Class (defined herein) for its own benefit and the benefit of its executives and owners, such as defendant Garlinghouse.

11. Defendant XRP II, LLC has its principal place of business in San Francisco, California. XRP II sold XRP and solicited the purchases of XRP from plaintiff and the Class for its own benefit and the benefit of its parent, Ripple, and its executives and owners, such as defendant Garlinghouse.

12. Defendant Bradley Garlinghouse is the CEO of the Company. He lives in Atherton, California. Garlinghouse orchestrated the sale of XRP by Ripple and XRP II and solicited the purchases of XRP from plaintiff and the Class for his own benefit and the benefit of Ripple.

13. The true names and capacities of defendants sued herein under California Code of Civil Procedure §474 as Does 1 through 25, inclusive, are presently not known to plaintiff, who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this complaint and include these Doe defendants' true names and capacities when they are ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

SUBSTANTIVE ALLEGATIONS

Ripple Creates XRP

14. Ripple's primary business involves the operation of an open ledger protocol, payment, and exchange network. The native cryptocurrency for the Ripple system is the XRP token, which serves as both an investment in the Company (as sales of XRP are used to fund Company operations,

1 with the expectation that these investments will increase the tokens' value) and as a means of exchange
2 promoted by Ripple. The Ripple system is based around the XRP Ledger. The XRP Ledger consists of
3 many servers, called nodes, which accept and process transactions. Client applications sign and send
4 transactions to nodes, which then relay these candidate transactions throughout the network for
5 processing. Transactions are then verified and become part of the XRP Ledger history through a
6 consensus process. Every transaction in XRP must be made by and through the XRP Ledger, which is
7 maintained by defendants. In order to open an account on the XRP Ledger, a user is required by
8 defendants to maintain a minimum account balance of 20 XRP. Furthermore, each time a transaction in
9 XRP is made, defendants require a transaction cost from the transacting parties.¹

10 15. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
11 validating transactions on their networks, Ripple created the 100 billion XRP supply itself. Twenty
12 billion XRP, or 20% of the total XRP supply, were given to the individual founders of Ripple,² with the
13 remaining 80 billion being retained by the Company. As for the 80 billion XRP held by Ripple, the
14 Company periodically sells XRP from its supply and uses the proceeds from these sales to fund
15 Company operations and improve the XRP ecosystem. Ripple's founders and other Company insiders
16 have also enriched themselves with their personal XRP fortunes. In January 2018, Ripple co-founder
17 Chris Larsen was named one of the richest people in the United States, with an estimated net worth of
18 \$59.9 billion, primarily due to the increase in value of XRP and his personal ownership of billions of
19 XRP tokens and a significant ownership stake in the Company.³

20 16. Ripple has been criticized because of the centralized nature of its network for XRP,
21 especially when compared to the networks for other truly distributed cryptocurrencies such as Bitcoin.
22 Ripple demonstrated its control over the XRP ecosystem when, in 2015, it froze the balance of Ripple

23 ¹ The current minimum transaction cost is 0.00001 XRP, although this cost can be increased by
24 defendants. This feature of XRP transactions benefits defendants because it makes their stockpile of
XRP more valuable over time.

25 ² Chris Larsen and Jed McCaleb ("McCaleb") each received 9.5 billion XRP, with Arthur Britto
26 receiving 1 billion.

27 ³ [https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html)
28 [paper.html](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html).

co-founder McCaleb following an internal dispute. The ability of Ripple to control the flow of XRP undermines any pretense that the security is not centralized in the Company. Similarly, in February 2018, a report by BitMEX Research stated that a test of the Ripple system revealed that all five public keys used to validate transactions came directly from Ripple, meaning that Ripple was "essentially in complete control of moving the ledger forward."⁴ The report concluded that Ripple's claims that the system was "distributed" could be misleading, as Ripple essentially controlled the XRP Ledger process. As the stewards of the XRP ecosystem, defendants' success in developing, promoting, and maintaining the XRP Ledger and other exchange infrastructure is directly related to the value of XRP. Furthermore, because Ripple maintains, controls and stewards the XRP Ledger, and because defendants have the ability to add conditions to transactions in XRP, and can unilaterally modify elements of the XRP ecosystem, each transaction in XRP involves a transaction directly with defendants.

Ripple Updates XRP

17. Ripple is constantly changing and seeking to improve the XRP network. These changes have decreased transaction times and improved system security, compatibility, use cases and other features of XRP. At the same time, Ripple has released new "white papers" touting these upgrades and proposed upgrades to the cryptocurrency and its exchange network. For example, Ripple released a white paper in February 2016 following a series of upgrades with the subtitle "The ROI of Using Ripple and XRP for Global Interbank Settlements."⁵ "ROI" stands for "return on investment," and the paper discussed at length the purported value of using XRP, compared to other systems.

18. One of the most significant changes to the XRP ecosystem occurred in the latter half of 2015. In May 2015, regulatory authorities in the United States fined Ripple and XRP II \$700,000 for "willfully" violating the Bank Secrecy Act by selling XRP without obtaining the required authorization. The failure to properly register as a money services business, or "MSB," exposed XRP for use by money launderers, criminals and other suspicious actors. As part of the settlement, defendants agreed to a number of remedial measures, including registration with FinCEN within 30 days of the agreement

⁴ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

⁵ https://ripple.com/files/xrp_cost_model_paper.pdf.

1 and to secure customer identification information within 180 days of the agreement. In the subsequent
2 months, Ripple updated the XRP network and ecosystem to comply with the settlement agreement. In
3 October 2015, Ripple underwent a rebranding after which it purported to fulfill its obligations under the
4 settlement agreement.

5 19. Another key development occurred in May 2017, when Ripple announced that it would
6 limit distribution of the remaining 61.68 billion XRP owned by the Company, from its original 80
7 billion XRP allotment. Ripple stated that it would place 55 billion XRP into a cryptographically
8 secured escrow account, and only offer and sell limited amounts of XRP at defined intervals. The
9 Company established 55 contracts of 1 billion XRP that allowed it to sell up to 1 billion XRP per month,
10 with any unsold XRP returned to escrow for use in subsequent offerings. The Company stated that it
11 expected the distribution strategy "will result in a strengthening XRP exchange rate against other
12 currencies," and that Ripple's "self-interest is aligned with building and maintaining a healthy XRP
13 market."⁶ The fact that the vast amount of existing XRP resides in the control of defendants further
14 demonstrates the high degree of centralization and control defendants maintain over XRP, as they can
15 determine the supply of XRP, which will, in turn impact the price of the security.

16 20. Indeed, a primary motivation for limiting the available supply of XRP was to drive price
17 appreciation and allow defendants to maximize profits from XRP sales. The price of XRP increased
18 rapidly following the announcement of the escrow decision, increasing 1,159% during the second
19 quarter of 2017. Ripple's "Q2 2017 XRP Markets Report" listed the escrow announcement as
20 "instrumental in helping to drive XRP interest and volume," and noted the "market responded favorably
21 to the escrow" announcement.⁷

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26 ⁶ <https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>.

27 ⁷ <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

21. On or about December 7, 2017, Ripple announced that it had followed through with its promise and placed "55 billion XRP in a cryptographically-secured escrow account to create certainty of XRP supply at any given time."⁸ The announcement stated:

By securing the lion's share of XRP in escrow, people can now mathematically verify the maximum supply that can enter the market. While Ripple has proved to be a responsible steward of XRP supply for almost five years – and has clearly demonstrated a tremendous track record of investing in and supporting the XRP ecosystem – this lockup eliminates any concern that Ripple could flood the market, which we've pointed out before is a scenario that would be bad for Ripple!⁹

22. The article contained a button to allow readers to share it on Twitter with the caption "Game changer for \$XRP! 55 billion XRP now in escrow."¹⁰ Ripple also promoted this article through its own tweet, which proclaimed: "55B \$XRP is now in escrow. Interested in what this means for \$XRP markets?"¹¹ Garlinghouse was even more enthusiastic, tweeting: "Boom! 55B \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this #cryptokitty out of the bag!"¹²

23. Ripple's public commitment to limit the supply of XRP had its intended effect. In the weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on December 7, 2017 to \$3.38 per token on January 7, 2018.¹³

Defendants Market XRP to Drive Demand and Increase Price

24. While publicly touting its xCurrent, xRapid and xVia enterprise solutions (collectively, "Enterprise Solutions"), Ripple's primary source of income is, and has been, the sale of XRP. Ripple

⁸ <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ <https://twitter.com/Ripple/status/938933967956389889>.

¹² <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

¹³ XRP would subsequently lose nearly all its value in just over three months, falling to a low of approximately \$0.48 per token on April 6, 2018.

1 generated over \$180 million in gross proceeds through XRP sales in 2017 alone.¹⁴ Defendants sell XRP
 2 on a wholesale basis to larger investors, and also sell significant quantities of XRP directly to retail
 3 investors on cryptocurrency exchanges. According to Ripple, in the first quarter of 2018, "market
 4 participants purchased \$16.6 million [of XRP] directly from XRP II," and XRP II also "sold \$151.1
 5 million worth of XRP" on exchanges.¹⁵

6 25. Given its reliance on sales of XRP, it is unsurprising that Ripple aggressively markets
 7 XRP to drive demand, increase the price of XRP, and, consequently, its own profits. For example,
 8 Ripple has an entire section of its website dedicated to providing advice on "How to Buy XRP." This
 9 section provides links to exchanges and instructions on "how to buy XRP" on those exchanges.¹⁶ It also
 10 has a section titled "Market Performance" which proclaims that Ripple is "committed to the long term
 11 health and stability of XRP markets."¹⁷

12 26. Ripple also regularly promotes the availability of XRP on exchanges. For example, on
 13 May 18, 2017, Ripple's Senior Vice-President for Business Development, Patrick Griffin, tweeted a link
 14 to the Kraken exchange with the caption: "Kraken Introduces New Fiat Pairs for XRP Trading! USD,
 15 JPY, CAD, EUR @Ripple."¹⁸

16 27. Similarly, on or about December 21, 2017, Ripple tweeted that XRP was now available
 17 on over 50 exchanges.¹⁹ That tweet linked to an article on Ripple's website which described XRP as
 18 "the fastest and most scalable [digital] asset on the market."²⁰ The article continued: "The market is
 19 taking notice of XRP's speed, reliability and scalability – which has strengthened the demand for XRP

20 ¹⁴ [https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-](https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-quarter.html)
 21 [quarter.html](https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-quarter.html).

22 ¹⁵ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/>.

23 ¹⁶ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

24 ¹⁷ Market Performance, <https://ripple.com/xrp/market-performance/>.

25 ¹⁸ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233>.

26 ¹⁹ @Ripple, <https://twitter.com/Ripple/status/943999526783905792>.

27 ²⁰ XRP Now Available on 50 Exchanges Worldwide, [https://ripple.com/insights/xrp-now-available-](https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/)
 28 [on-50-exchanges-worldwide/](https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/).

1 and where it's listed. In fact, we're proud to announce that XRP has gone from being listed on six
 2 exchanges earlier this year to more than 50 worldwide."²¹ The article also linked to a number of
 3 exchanges where XRP could be purchased, and stated that "XRP's long-term value is determined by its
 4 utility – including its ability to help financial institutions source liquidity for payments into and out of
 5 emerging markets."²²

6 28. Illustrative of defendants' attempts to promote the XRP ecosystem, in 2017, Ripple
 7 attempted to pay two of the top cryptocurrency exchanges, Gemini and Coinbase, to secure listing of
 8 XRP. Coinbase and Gemini provide some of the easiest ways for U.S. customers to buy crypto-assets
 9 with U.S. dollars. As a result, being listed on one of these exchanges tends to accelerate demand for,
 10 and thus, increase the price of, a crypto-asset. For example, when Coinbase listed Bitcoin Cash in
 11 December 2017, the price of Bitcoin Cash increased nearly three times its trading price relative to other
 12 exchanges.

13 29. Reportedly, Ripple offered to pay \$1 million to Gemini in the third quarter of 2017 if it
 14 would list XRP. Similarly, during preliminary talks with Coinbase in the fall of 2017, Ripple said it
 15 would be willing to lend the exchange more than \$100 million worth of XRP to start letting users trade
 16 the token. On November 29, 2017, Ripple posted a link to a change.org petition to "Get Ripple on
 17 Coinbase," with the caption: "The community is mobilizing! [thumbs up emoji]."²³ Ripple's Senior
 18 Vice President of Business Development also tweeted a link to the petition. According to *Bloomberg*:
 19 "By dangling money in front of exchanges, Ripple signaled that its future success hinges in part on
 20 getting XRP listed on the top trading venues."²⁴

21 30. In addition, Ripple hosts conferences to generate interest in XRP. For example, from
 22 October 16 to October 18, 2017, the Company hosted a conference named "Swell" in Toronto. Ripple

23 ²¹ *Id.*

24 ²² *Id.*

25 ²³ <https://twitter.com/ripple/status/935923310080045056?lang=en>

26 ²⁴ <https://www.bloomberg.com/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin>

1 acknowledged that "[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up
2 100 percent."²⁵

3 31. On December 21, 2017, CoinDesk, a subsidiary of Digital Currency Group, which has an
4 ownership interest in Ripple, published an article titled, "Ripple Price Passes Historic \$1 Milestone."²⁶
5 This was just one of many instances in which Ripple would promote price movements of XRP.

6 32. Ripple's promotion of XRP's price continued in December 2017, as the price of XRP
7 climbed over 1,000% in a single month. In one instance, Ripple's product manager of the XRP Ledger
8 and xRapid retweeted a tweet exclaiming: "Wow, XRP at all time high! Forget about bitcoin, *we're all*
9 *in on XRP!*"²⁷ This same manager later tweeted: "So glad I doubled down. Since I joined @Ripple,
10 \$XRP now at \$1.00 (up 17,141.37%)...."²⁸

11 33. Ripple's CEO, defendant Garlinghouse, has also been a vocal advocate for investing in
12 XRP. In a December 14, 2017 interview with BNN, when asked if he is "personally invested" in XRP
13 and was "taking profits" on that investment, Garlinghouse stated, "I'm long XRP, *I'm very, very long*
14 *XRP* as a percentage of my personal balance sheet."²⁹ He continued, stating that he is "not long some
15 of the other [digital] assets, because it is not clear to me what's the real utility, what problem are they
16 really solving."³⁰ He ended by reiterating, "if you're solving a real problem, if it's a scaled problem,
17 then I think you have a huge opportunity to continue to grow that."³¹ Later that same day, Garlinghouse
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21 ²⁵ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

22 ²⁶ Daniel Palmer, *Ripple Price Passes Historic \$1 Milestone*, CoinDesk (Dec. 21, 2017),
<https://www.coindesk.com/ripple-price-passes-historic-1-milestone/>.

23 ²⁷ @warpaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829.

24 ²⁸ <https://twitter.com/warpaul/status/943766056710975490>.

25 ²⁹ Interview available at <https://twitter.com/jonerlichman/status/941354964227522561?lang=en>.

26 ³⁰ *Id.*

27 ³¹ *Id.*

1 tweeted: "Bloomberg welcomes \$XRP to @theterminal and gets it right – #2 market cap behind \$BTC
2 at ~\$80B!"³²

3 34. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article
4 titled "Bitcoin Is So 2017 as Ripple Soars at Year End," with the caption "I'll let the headline speak for
5 itself. \$xrp."³³

6 35. Similarly, on or about January 17, 2018, Garlinghouse tweeted a link to a *CNBC* article
7 titled "Ripple is sitting on close to \$80 billion and could cash out hundreds of millions per month – but
8 it isn't," with the caption: "A good read on why fostering a healthy \$XRP ecosystem is a top priority at
9 @Ripple."³⁴

10 36. However, the reality was that Ripple was profiting by selling to investors from its
11 massive store of XRP. In 2017 alone, Ripple sold more than \$180 million worth of XRP. These sales
12 accelerated in the first quarter of 2018, reaching \$151.1 million in just three months.

13 **The Price of XRP Is Directly Tied to Ripple's Business and Operations**

14 37. The Company's primary source of revenue is the periodic sale of XRP to investors. The
15 price for XRP, in turn, is directly tied to the managerial skills and efforts of Ripple, XRP II,
16 Garlinghouse, and other third parties who they employ, or with whom they are associated. Ripple
17 regularly promotes its improvements to the XRP ecosystem, which are intended to increase demand for
18 XRP and thus potential returns for XRP investors. For example, in describing the reasons behind the
19 dramatic price appreciation of XRP during the fourth quarter of 2017, Ripple specifically cited as of
20 "particular importance," the Company's various business initiatives, including: (i) Ripple's partnership
21 with American Express/Santander; (ii) Ripple's activation of the previously discussed escrow of XRP to
22 limit periodic offers and distributions; and (iii) a Japanese/Korean banking consortium backed by the
23 Company.³⁵ In the report, Ripple stated that its "consistent and steadfast support of XRP is a major

24 ³² @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464>.

25 ³³ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248>.

26 ³⁴ <https://twitter.com/bgarlinghouse/status/953676992313872384?lang=en>.

27 ³⁵ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

1 advantage as the payments industry continues to seriously consider it as an alternative liquidity
 2 solution."³⁶ The centralized nature of XRP compared to other cryptocurrencies further cements the
 3 central role of defendants in determining the future expected value of the asset.

4 38. Defendants' white papers, advertising and social media postings also conflate adoption
 5 and use of Ripple's Enterprise Solutions businesses with adoption and use of XRP. Although ostensibly
 6 separate, the two business segments are very much interrelated, because adoption of Ripple's Enterprise
 7 Solutions by various institutional actors is likely to increase the use and demand for XRP. For example,
 8 the Company's xRapid infrastructure solution uses XRP, which Ripple states will "dramatically lower
 9 costs while enabling real-time payments in emerging markets."³⁷ Similarly, a November 2015 white
 10 paper by the Company highlighted "XRP's Role on Ripple and in the Internet of Value" and how the
 11 Company's technologies could turn a "Spark to a Wildfire" by increasing liquidity and efficiencies for
 12 cross-border transactions for the Company's banking clients.³⁸ A February 2016 white paper followed
 13 up on those purported "network effects," claiming that the use of the Ripple network and XRP would
 14 increase banks' returns on investment by improving the global payment infrastructure.³⁹ Moreover,
 15 Ripple promotes XRP and xRapid to its existing Enterprise Solutions customer base and can increase
 16 the use of these products through cross-selling. Ripple has explicitly stated that this is part of its
 17 business strategy.⁴⁰ As XRP can be used to transact on xRapid, and the same customers that may adopt
 18 Ripple's Enterprise Solutions overlap with potential institutional users and facilitators of XRP, the
 19 success of Ripple's overall business and operations is directly correlated to the price of XRP.

20
 21 ³⁶ *Id.*

22 ³⁷ <https://ripple.com/solutions/source-liquidity/>.

23 ³⁸ https://ripple.com/files/ripple_vision.pdf.

24 ³⁹ https://ripple.com/files/xrp_cost_model_paper.pdf.

25 ⁴⁰ *E.g.*, <https://ripple.com/insights/much-ado-much-to-do-part-3/> ("While no xCurrent customers today
 26 use xRapid, we're increasingly speaking to them about their liquidity challenges and xRapid at their
 27 request.... As long as we continue to run xRapid pilots as successful as Cuallix's, we believe we'll drive
 28 a lot of payments volume through XRP in the years ahead.").

39. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases" have made the direct connection between the price of XRP and the adoption of the Company's Enterprise Solutions.⁴¹ Ripple itself has made this link, for example tweeting on May 16, 2017: "The appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin."⁴²

40. Similarly, on June 29, 2017, Ripple tweeted a clip of an interview Garlinghouse gave on CNBC with the caption: "#XRP – up 4000% this year – has shown the market favors a real use case for #digitalassets..."⁴³ For that interview, Garlinghouse was quoted as stating, "Digital assets are in a position to be more valuable than gold."⁴⁴

41. On September 11, 2017, Garlinghouse stated in an interview with CNBC: "People are looking at the success Ripple has been having as a company, *and I think that's increased the value of XRP.*"⁴⁵ He continued by stating that Ripple wants "to keep focusing on making XRP a valuable payments tool, and that value will increase accordingly," and he was "voting with my . . . pocketbook on the future increased value of cryptocurrencies."⁴⁶

42. On November 27, 2017, Garlinghouse tweeted "Ripple & \$XRP are giving businesses 'what they want in a #blockchain,'" along with a link to a Motley Fool tweet.⁴⁷ The linked-to Motley Fool tweet stated that "AmEx and Banco Santander will use Ripple's blockchain network for instant intl. fund transfers. Could be a big deal for Ripple's XRP cryptocurrency. \$AXP \$SAN."⁴⁸

⁴¹ <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

⁴² @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

⁴³ @Ripple, <https://twitter.com/Ripple/status/880532198025121793>.

⁴⁴ <https://twitter.com/AkikoFujita/status/880256389213339648>.

⁴⁵ <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html>.

⁴⁶ *Id.*

⁴⁷ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366>.

⁴⁸ @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553>.

43. Likewise, on December 14, 2017, Ripple tweeted: "The Japan Bank Consortium launched a Ripple pilot with two large Korean banks – the first time money moves from Japan to Korea over RippleNet."⁴⁹ On that same day Ripple tweeted "@bgarlinghouse [its CEO's Twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why \$XRP will come out on top."⁵⁰

44. On January 4, 2018, following XRP's rapid price increase, *The New York Times* published an article titled, "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg."⁵¹ The author of the article, Nathaniel Popper, tweeted a link to the article with the caption: "On the rise of Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies."⁵² He further stated in the tweet: "I've asked several people close to banks if banks are indeed planning to begin using Ripple's token, XRP, in a serious way, which is what investors seem to assume when they buy in at the current XRP prices."⁵³

45. Garlinghouse publicly responded to this post, tweeting: "Over the last few months I've spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our XRP liquidity product) in a serious way."⁵⁴ Garlinghouse then provided a "sampling" of feedback he had purportedly received from these institutions praising XRP and xRapid. This feedback implicitly justified the market price and investment opportunity for XRP, including:

- "We ran the costs on our end and see that this is 100% more efficient than [sic] what we're doing now."
- "The xRapid pilots all went perfectly."

⁴⁹ @Ripple, <https://twitter.com/Ripple/status/941501026267316224>.

⁵⁰ @Ripple, <https://twitter.com/Ripple/status/941352005058011137>.

⁵¹ Nathaniel Popper, *Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg*, N.Y. Times, Jan. 4, 2018, <https://www.nytimes.com/2018/01/04/technology/bitcoin-ripple.html>.

⁵² @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752>.

⁵³ *Id.*

⁵⁴ *Id.*

- 1 • "This is much more efficient than our process today. We'd like to move forward with xRapid today."
- 2
- 3 • "We've already used Bitcoin in transactions but the time is causing slippage and costing more to transfer. We'd like to use xRapid and XRP to help with these issues."
- 4
- 5 • "This [XRP] is a much more efficient way to send money across borders than what we typically use today. Especially as Bitcoin has continued to slow and become more expensive."
- 6
- 7 • "There's plenty of small to medium sized banks out there that are hit hard by fees. They'd jump at the opportunity to send money directly and bypass those fees [using XRP]."⁵⁵
- 8

9 **Defendants Acknowledge that Development of the XRP Ledger Is Dependent on Their Technical, Entrepreneurial, and Managerial Efforts**

10

11 46. As alleged herein, defendants have repeatedly acknowledged the obvious: development of the XRP Ledger and the potential profits that could be derived from investing in XRP, depends on their technical, entrepreneurial and managerial efforts.

12 47. Indeed, Ripple publishes a quarterly report detailing its efforts to grow the "XRP ecosystem."⁵⁶ In the report for the second quarter of 2017, Ripple stated: "We plan to focus on three areas of liquidity development as we drive XRP towards its natural position as the digital asset standard for international value transfer."⁵⁷ The report continues: "Most importantly, we are accelerating the pace of our investment in the XRP Ledger to build on its speed, uptime, and scalability, to ensure XRP is the most trusted enterprise-grade digital asset."⁵⁸

19 48. Three months later, in describing its goals for the fourth quarter of 2017, Ripple proclaimed it would "continue to expand [its] xRapid partnerships."⁵⁹ The report stated that Ripple's

22 ⁵⁵ *Id.*

23 ⁵⁶ Announcing the Quarterly XRP Market Operations Report, <https://ripple.com/insights/announcing-quarterly-xrp-market-operations-report/>.

24 ⁵⁷ Q2 2017 XRP Markets Report, <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

25 ⁵⁸ *Id.*

26 ⁵⁹ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

1 "long-term goal is, and always has been, usage of XRP as a liquidity solution for more and more
2 corridors, and partnerships are key to achieving this goal."⁶⁰

3 49. Similarly, in January 2018, Ripple touted "a partnership with MoneyGram – one of the
4 world's largest money transfer companies – to use xRapid and XRP for near real-time cross-border
5 payments. In addition, there are a number of other xRapid deals at various stages of completion in the
6 pipeline."⁶¹ The Company also stated that it wanted "to build the necessary markets infrastructure for
7 eventual direct usage of XRP by financial institutions."⁶² Garlinghouse commented on this partnership,
8 stating "And to be clear, @MoneyGram announcement is one step in a marathon ahead to truly make
9 \$XRP the global liquidity solution for payment providers and banks."⁶³ These are illustrative of the
10 many instances in which defendants have acknowledged their own role in promoting the market for
11 XRP, and the ways in which the future expected value of XRP is dependent on their own efforts.

12 50. In addition, defendants, and Ripple in particular, are responsible for maintaining the
13 XRP Ledger. Unlike cryptocurrencies such as Bitcoin and Ethereum, which use a Proof of Work
14 ("PoW") consensus mechanism to verify the legitimacy of transactions on the network, the XRP Ledger
15 relies on trusted nodes, operated by Ripple, to verify the legitimacy of transactions and maintain
16 agreement on the network. The PoW mechanism utilized by Bitcoin and Ethereum helps to ensure the
17 network is decentralized by allowing anyone to use their own hardware and electricity to run the PoW
18 consensus algorithm to verify transactions on the public ledger, and send them to be recorded
19 throughout the blockchain. The network's decision-making process is thus placed entirely in the hands
20 of those who run the consensus algorithm, with their own hardware and electricity, rather than any one
21 entity or individual.

22 51. The XRP Ledger consensus protocol, by contrast, relies on "trusted nodes" on Ripple's
23 Unique Node Lists ("UNL"). The UNL is the set of trusted nodes that communicate "reliable"

24 ⁶⁰ *Id.*

25 ⁶¹ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

26 ⁶² *Id.*

27 ⁶³ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912>.

1 information to other nodes on the XRP Ledger. Like miners in Bitcoin and Ethereum, these "trusted
 2 nodes" validate transactions. However, unlike those miners, the trusted nodes are either selected, or
 3 controlled, by Ripple itself. Ripple provides its own default and recommended UNL – comprised of
 4 only five Ripple-hosted nodes. Although Ripple claims it plans to decentralize the network, it admits
 5 that it will only remove its own "trusted nodes" if it decides that other validator nodes are reliable,
 6 reputable, stable and secure.⁶⁴ Ripple's view of decentralization of the XRP Ledger still involves Ripple
 7 maintaining full control over the XRP Ledger, and deciding who owns and operates any third-party
 8 "trusted nodes."

9 52. In February 2018, BitMEX Research, a blockchain research group, installed and ran a
 10 copy of Rippled (the software that allows users to run nodes on the XRP Ledger).⁶⁵ According to
 11 BitMEX Research, "[t]he node operated by downloading a list of five public keys from the server
 12 v1.ripple.com."⁶⁶ The report continued: "The software indicates that four of the five keys are required
 13 to support a proposal in order for it to be accepted [on the XRP Ledger]."⁶⁷ However, "[a]ll five keys
 14 are assigned to Ripple.com."⁶⁸ BitMEX Research concluded that "[s]ince the keys were all downloaded
 15 from the Ripple.com server, *Ripple is essentially in complete control of moving the ledger forward*, so
 16 one could say *the system is centralized*."⁶⁹ As a result, BitMEX Research found that "the Ripple
 17 system appears for all practical purposes to be centralized and is therefore perhaps devoid of any
 18
 19

20 ⁶⁴ Rome Reginelli, *Decentralization Strategy Update* (Oct. 17, 2017), [https://ripple.com/dev-](https://ripple.com/dev-blog/decentralization-strategy-update/)
 21 [blog/decentralization-strategy-update/](https://ripple.com/dev-blog/decentralization-strategy-update/); Stephan Thomas, *How We Are Further Decentralizing the XRP*
 22 *Ledger to Bolster Robustness for Enterprise Use*, [https://ripple.com/insights/how-we-are-further-](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/)
 23 [decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/).

24 ⁶⁵ *The Ripple Story*, BitMEX Research (Feb. 6, 2018) <https://blog.bitmex.com/the-ripple-story/>.

25 ⁶⁶ *Id.*

26 ⁶⁷ *Id.*

27 ⁶⁸ *Id.*

28 ⁶⁹ *Id.*

1 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
2 have."⁷⁰

3 53. Ripple's control over the XRP Ledger and the flow of XRP was put on dramatic display
4 in 2015, when it exerted this control to freeze the sale of approximately 96 million XRP, worth about \$1
5 million at the time, by Company co-founder McCaleb. Ripple received heavy criticism for the incident.
6 As noted by one cryptocurrency blog: "This incident is a reminder of the fact that despite its constant
7 portrayal as a semi-decentralized currency, there's a lot of control that can be exercised upon your XRP
8 by the company!"⁷¹

9 54. As additional indications of centralization and control over every XRP transaction,
10 Ripple is continuously updating the Ripple ecosystem. The implementation of gateway freezes, such as
11 the one used to freeze McCaleb's attempted XRP sale, is one example of an XRP system update by
12 Ripple, which the Company activated in August 2014.

13 55. Ripple's XRP product manager, Warren Paul Anderson ("Anderson"), frequently markets
14 the XRP Ledger's dependence on Ripple's continued commitment to it. For example, on December 14,
15 2016, he tweeted: "Thrilled to have the rippled team in town for a summit to discuss the future of
16 @Ripple Consensus Ledger & XRP as a native digital asset!"⁷² Approximately a year later, in
17 December 2017, he retweeted his earlier statement, saying "It's that time of year again, and what a year
18 it's been! #XRP Ledger (rippled) core developers in town @Ripple for a summit to discuss planning for
19 2018."⁷³ Later that same day, Anderson posted a picture of Ripple engineers with the caption: "A great
20 day of reflection & planning @Ripple w/ the greatest C++ engineering team in the world #XRP."⁷⁴ On
21

22
23 ⁷⁰ *Id.*

24 ⁷¹ <https://cryptocrimson.com/news/ripple-freezes-bitstamp-funds-co-founder>.

25 ⁷² @warpaul, <https://twitter.com/warpaul/status/809047284717469696>.

26 ⁷³ @warpaul, <https://twitter.com/warpaul/status/940970970759573505>.

27 ⁷⁴ @warpaul, <https://twitter.com/warpaul/status/941087297360994304>.
28

1 that same day, Ripple's head of cryptography tweeted: "Today, all the \$XRP Ledger developers at
2 @Ripple are in SF to reflect on 2017 and plan for 2018."⁷⁵

3 56. Later in the month, on December 29, 2017, a Ripple software engineer, Nik Bougalis
4 ("Bougalis"), tweeted: "I've been working on code review for the last couple days. Excited to get
5 rippled 0.90.0 out the door,"⁷⁶ indicating that Ripple was working to launch a new version of Rippled
6 and thereby advance the XRP Ledger. Following, Ripple's release of a Rippled upgrade, Bougalis
7 tweeted: "The @Ripple C++ team has released rippled 0.90.0. Cool new features: history sharding,
8 deposit authorizations, checks and more!"⁷⁷

9 57. On March 5, 2018, Bougalis similarly reposted a tweet defending investing in XRP by
10 stating, "So you'd invest in Linux, not Microsoft. In UseNet, not Google. In MySQL, not Oracle. Good
11 luck with your portfolio. *Ripple is the next Google*. You're stuck in the silly idea that *a company can't*
12 *build a digital asset, even when it does this right under your nose*," with the caption: "Now that's a mic
13 drop, if I've ever seen one."⁷⁸ In other words, as acknowledged by Ripple's own employees, the value
14 of XRP is tied directly to the security's centralization in Ripple and the business, operations, success
15 and prospects of the Company.

16 **XRP Is a Security**

17 58. XRP, despite its name as a "token," is actually a security under California law. In
18 particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures; (ii) the
19 Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiff and the Class (as
20 defined herein) are effectively powerless to control the success of Ripple and XRP; and (iv) plaintiff
21 and the Class members' investment is substantially at risk, and is without any security.

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24 ⁷⁵ @JoelKatz, <https://twitter.com/JoelKatz/status/940974743733153792>.

25 ⁷⁶ @nbougalis, <https://twitter.com/nbougalis/status/946829572145741824>.

26 ⁷⁷ @nbougalis, <https://twitter.com/nbougalis/status/966106932925882368>.

27 ⁷⁸ @nbougalis, <https://twitter.com/nbougalis/status/970733741319503872>.

59. Plaintiff and the Class invested in XRP as a common enterprise with the expectation of profits derived solely from the efforts of Ripple and its employees. Plaintiff and the Class used fiat and other digital currencies, such as Bitcoin and Ethereum, to purchase XRP. The expected profits and returns on these investments are directly intertwined with the business and operations of Ripple. Ripple acknowledges that it "sells XRP to fund its operations and promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple protocol and network."⁷⁹ Similarly, Garlinghouse has conceded that Ripple's "self-interest is aligned with building and maintaining a healthy XRP market."

60. The success of XRP and the development of the XRP ecosystem is uniquely centralized in Ripple. The Company created the XRP Ledger and all 100 billion XRP in existence, and concedes that it "sells XRP to fund its operations and promote the network," in order "to have a spectacularly skilled team to develop[] and promote the Ripple protocol and network."⁸⁰ As of May 6, 2018, Ripple held over 60.8 billion XRP – more than 60% of the XRP in existence.⁸¹

61. In addition, Ripple directly influences the supply of XRP by locking more than half the supply of XRP in escrow to provide "supply predictability and trusted, healthy \$XRP markets."⁸² Ripple exercises near complete control over the XRP Ledger itself. As noted by BitMEX Research, "Ripple is essentially in complete control of moving the ledger forward, so one could say the system is centralized [sic]."⁸³ Ripple touts its control over the XRP Ledger as an advantage for XRP, contending that governance "may be where XRP most significantly distinguishes itself [from Bitcoin, Ethereum,

⁷⁹ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network.

⁸⁰ *Id.*

⁸¹ Market Performance, <https://ripple.com/xrp/market-performance/> (last visited May 23, 2018).

⁸² Q4 2017 XRP Markets Reports, <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

⁸³ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

1 and Litecoin] going forward."⁸⁴ Similarly, it has stated that "[b]uilding pivotal infrastructure on top of
2 technology that does not have clear governance is not palatable for large established companies."⁸⁵

3 62. Defendants themselves have recognized that XRP investors have a reasonable
4 expectation of profits derived from defendants' efforts to improve the XRP ecosystem, and have
5 publicly touted XRP's price performance on numerous occasions, as detailed herein. Ripple's website
6 even contains an "XRP Buying Guide" that provides links to exchanges and instructions on "How to
7 Buy XRP" on those exchanges.⁸⁶ Furthermore, Ripple has taken steps to promote XRP in an attempt to
8 increase the token's price or to justify its price appreciation, and the Company has issued a white paper
9 touting XRP's purported "ROI." Garlinghouse and other Ripple employees have publicly stated that
10 they are bullish investors on XRP.

11 63. Similarly, Ripple and its CEO have acknowledged that the value of XRP will be driven
12 by the XRP Ledger's usefulness in solving cross-border payments and its adoption by institutions.
13 Defendants have similarly touted adoption of Ripple's Enterprise Solutions, which are directly
14 correlated with the use case and likely value of XRP. In addition, defendants have pooled XRP
15 investments to fund projects to promote the XRP Ledger and interledger protocol, thereby increasing
16 the value of the XRP Ledger and XRP. For example, on April 11, 2018, Ripple announced that it had
17 "invested \$25 million in XRP to Blockchain Capital Parallel IV, LP," to "support and develop
18 additional [XRP] use cases beyond payments."⁸⁷ Ripple's Senior Vice President of Business
19 Development promoted this investment, tweeting: "Ripple's \$25 million investment in
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21
22

23 ⁸⁴ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

24 ⁸⁵ *Id.*

25 ⁸⁶ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

26 ⁸⁷ *Ripple Invests \$25 Million to Drive Innovation in Blockchain and Digital Assets*,
27 [https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-](https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/)
28 [assets/](https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/).

1 @blockchaincap's new fund is the first and not the last contribution to ventures that further develop the
2 #blockchain and \$XRP ecosystems."⁸⁸

3 64. Plaintiff and the Class have entirely passive roles vis-à-vis the success of the XRP
4 Ledger and XRP. Rather, as defendants' own marketing makes clear, the profits reasonably expected to
5 be derived from investing in XRP are solely dependent on the technical, entrepreneurial, and managerial
6 efforts of defendants and their agents and employees. Plaintiff and the Class reasonably expected
7 defendants to provide significant managerial efforts, to develop and improve the XRP Ledger, to
8 develop and sustain a supportive network, and to secure exchanges through which XRP can be
9 exchanged. Defendants repeatedly represented that they would provide significant managerial efforts to
10 achieve these objectives and make the XRP ecosystem a success. The purchase of XRP is thus an
11 investment in a common enterprise, with an expectation of profits, solely from the efforts of defendants
12 and their affiliates.

13 **Recent SEC Guidance Undermines Ripple's Denials**

14 65. Ripple has long claimed that XRP is not a security. As recently as April 12, 2018,
15 Ripple's Chief Marketing Strategist told *CNBC* in an interview: "We absolutely are not a security. We
16 don't meet the standards for what a security is based on the history of court law."⁸⁹ Instead, Ripple
17 claims that XRP is a commodity, such as gold. Purchasers of XRP did not have any reason to challenge
18 these contentions from the Company, given the unclear state of regulation and quickly evolving and
19 uncharted landscape of blockchain technologies. This state of affairs has only recently changed, as
20 regulators have begun to provide clarifying guidance that undermines defendants' denials, and the
21 centralized nature of XRP in Ripple has become more apparent.

22 66. In July 2017, U.S. Securities and Exchange Commission ("SEC") began to question the
23 legality of unregistered token sales, such as the sales of XRP, and made clear that sellers of unregistered
24 securities cannot evade their obligations under the federal securities laws by elevating form over

25 ⁸⁸ @patgriffin9, <https://twitter.com/Ripple/status/984061347078987776>.

26 ⁸⁹ Kate Rooney, *Ripple says its cryptocurrency XRP is not a security*, *CNBC* (Apr. 12, 2018),
27 <https://www.cnn.com/2018/04/12/ripple-says-its-cryptocurrency-xrp-is-not-a-security.html>.

1 substance. On July 23, 2017, the SEC issued an "Investor Alert," which stated that the agency was
 2 "concerned that the rising use of virtual currencies in the global marketplace may entice fraudsters to
 3 lure investors into Ponzi and other schemes in which these currencies are used to facilitate fraudulent,
 4 or simply fabricated, investments or transactions."⁹⁰ The release warned that "the fraud may also
 5 involve an unregistered offering or trading platform" and promises of "high returns for getting in on the
 6 ground floor of a growing Internet phenomenon."⁹¹

7 67. On July 25, 2017, the SEC released an "Investor Bulletin" on ICOs. The bulletin stated
 8 that digital blockchain currencies "may be securities" under the facts and circumstances, and that such
 9 "virtual coins or tokens in an ICO *are subject to the federal securities laws.*"⁹² The release continued
 10 in pertinent part:

11 A virtual currency is a digital representation of value that can be digitally traded and
 12 functions as a medium of exchange, unit of account, or store of value. Virtual tokens
 13 or coins may represent other rights as well. Accordingly, in certain cases, *the tokens*
 14 *or coins will be securities and may not be lawfully sold without registration with*
the SEC or pursuant to an exemption from registration.

15 68. That same day, the SEC issued an investigative report concluding that the tokens issued
 16 by a blockchain and distributed ledger organization known as "The Dao" were, in fact, securities. The
 17 press release announcing the report stated that, "issuers of distributed ledger or blockchain technology-
 18 based securities *must register offers and sales of such securities unless a valid exemption applies*" and
 19 that those organizing unregistered offerings "may be liable for violations of the federal securities
 20 laws."⁹³ In the case of The Dao, the SEC found that even though the organization labeled its tokens as
 21

22
 23 ⁹⁰ *Investor Alert: Ponzi Schemes Using Virtual Currencies*, https://www.sec.gov/investor/alerts/ia_virtualcurrencies.pdf.

24 ⁹¹ *Id.*

25 ⁹² *See Investor Bulletin: Initial Coin Offerings*, https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings.
 26

27 ⁹³ *See SEC Issues Investigative Report Concluding DAO Tokens a Digital Asset, Were Securities*,
 28 <https://www.sec.gov/news/press-release/2017-131>.

1 something other than securities, the virtual currency was subject to the registration requirements of the
2 federal securities laws as, in economic substance, it was a security.

3 69. On December 11, 2017, SEC Chairman Jay Clayton ("Clayton") issued another
4 statement on digital tokens. He confirmed that "[m]erely calling a token a 'utility' token or structuring it
5 to provide some utility does not prevent the token from being a security," and warned security offerors
6 that attempts to "elevate form over substance" could not obviate their obligations under the federal
7 securities laws.⁹⁴ Clayton continued in pertinent part:

8 *[C]ertain market professionals have attempted to highlight utility characteristics of*
9 *their proposed initial coin offerings in an effort to claim that their proposed tokens*
10 *or coins are not securities. Many of these assertions appear to elevate form over*
11 *substance. Merely calling a token a "utility" token or structuring it to provide*
12 *some utility does not prevent the token from being a security. Tokens and offerings*
13 *that incorporate features and marketing efforts that emphasize the potential for*
14 *profits based on the entrepreneurial or managerial efforts of others continue to*
15 *contain the hallmarks of a security under U.S. law. On this and other points where*
16 *the application of expertise and judgment is expected, I believe that gatekeepers and*
17 *others, including securities lawyers, accountants and consultants, need to focus on*
18 *their responsibilities. I urge you to be guided by the principal motivation for our*
19 *registration, offering process and disclosure requirements: investor protection and, in*
20 *particular, the protection of our Main Street investors.*

21 * * *

22 [M]any token offerings appear to have gone beyond this construct and are more
23 analogous to interests in a yet-to-be-built publishing house with the authors, books
24 and distribution networks all to come. *It is especially troubling when the promoters*
25 *of these offerings emphasize the secondary market trading potential of these*
26 *tokens. Prospective purchasers are being sold on the potential for tokens to*
27 *increase in value – with the ability to lock in those increases by reselling the tokens*
28 *on a secondary market – or to otherwise profit from the tokens based on the efforts*
of others. These are key hallmarks of a security and a securities offering.

By and large, the structures of initial coin offerings that I have seen promoted
involve the offer and sale of securities and directly implicate the securities
registration requirements and other investor protection provisions of our federal
securities laws. Generally speaking, these laws provide that investors deserve to
know what they are investing in and the relevant risks involved.

70. Clayton could have been referring directly to Ripple and defendants' attempts to tout the
profit-making potential of investing in XRP tokens on the one hand, while disclaiming any

⁹⁴ See Jay Clayton, *Statement on Cryptocurrencies and Initial Coin Offerings*, SEC (Dec. 11, 2017).

responsibilities to comply with applicable securities laws on the other. The SEC has since launched dozens of investigations into cryptocurrency startups.

71. For the integrity of the U.S. securities markets, defendants' attempts to circumvent important investor safeguards must fail. Although cryptocurrencies represent something of a new investing frontier, the old adage rings true: "If it looks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck." Here, XRP has all of the hallmarks of a security, and defendants' denial does nothing to diminish their obligations to register these securities under applicable securities laws.

72. In light of recent SEC statements, there can now be little doubt that XRP tokens constitute securities. Despite this fact, defendants have failed to register the securities in accordance with applicable laws and regulations, before offering and selling them to the investing public. Further, the sale of XRP was not subject to any exemption or exceptions to the registration requirements available under state or federal law. As a result, the offer and sale of XRP was unlawful, and defendants are liable to plaintiff and the Class as purchasers of XRP as alleged herein.

CLASS ACTION ALLEGATIONS

73. Plaintiff brings this action as a class action pursuant to §382 of the California Code of Civil Procedure on behalf of a class consisting of all citizens of California who purchased XRP (the "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates of the defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which defendants have or had a controlling interest.

74. The members of the Class are so numerous that joinder of all members is impracticable. Hundreds of millions of XRP have been sold by defendants. While the exact number of Class members are unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are thousands of members in the proposed Class.

75. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

1 76. Plaintiff will fairly and adequately protect the interests of the members of the Class and
 2 has retained counsel, who is competent and experienced in class and securities litigation.

3 77. Common questions of law and fact exist as to all members of the Class and predominate
 4 over any questions solely affecting individual members of the Class. Among the questions of law and
 5 fact common to the Class are:

- 6 (a) whether defendants violated the Corporations Code;
- 7 (b) whether XRP are securities;
- 8 (c) whether XRP were required to be registered under applicable laws;
- 9 (d) whether plaintiff and the Class are entitled to rescind their purchases of XRP; and
- 10 (e) to what extent the members of the Class have sustained damages and the proper
 11 measure of damages.

12 78. A class action is superior to all other available methods for the fair and efficient
 13 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
 14 damages suffered by individual Class members may be relatively small, the expense and burden of
 15 individual litigation make it impossible for members of the Class to individually redress the wrongs
 16 done to them. There will be no difficulty in the management of this action as a class action.

17 **FIRST CAUSE OF ACTION**

18 **For Violation of §§25110 and 25503 of the Corporations Code** 19 **Against All Defendants**

20 79. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

21 80. This Cause of Action is brought pursuant to §§25110 and 25503 of the Corporations
 22 Code against all defendants.

23 81. As detailed herein, XRP is a security.

24 82. Defendants failed to qualify XRP with the Commissioner of Corporations and XRP did
 25 not qualify for an exemption from registration.

26 83. Defendants sold XRP to plaintiff and the Class, in violation of §25110, which makes it "
 27 unlawful for any person to offer or sell in this state any security in an issuer transaction ... unless such
 28

1 sale has been qualified ... or unless such security or transaction is exempted or not subject to
2 qualification."

3 84. As such, Garlinghouse and Ripple have participated in the unlawful sale of securities in
4 violation of the Corporations Code, and are liable to plaintiff and the Class for rescission and/or
5 compensatory damages under §25503.

6 **SECOND CAUSE OF ACTION**

7 **For Violation of §25504 of the Corporations Code**
8 **Against Ripple and Garlinghouse**

9 85. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

10 86. This Cause of Action is brought pursuant to §25504 of the Corporations Code against
11 Ripple and Garlinghouse.

12 87. Due to his position within the Company and role, vis-à-vis, the XRP Ledger, ownership
13 interest in and control over Ripple, Garlinghouse acted as a controlling person of Ripple and XRP II
14 within the meaning of §25504 of the Corporations Code as alleged herein. By virtue of his position as
15 CEO and his participation in and/or awareness of Ripple's operations, Garlinghouse had the power to
16 influence and control, and did influence and control, directly or indirectly, the decision-making, relating
17 to the sale of XRP and the failure to register these sales.

18 88. Ripple controlled XRP II, as the parent of XRP II, and the various actors responsible for
19 the advancement of the XRP ecosystem. In addition, Ripple controlled Garlinghouse and all of his
20 employees.

21 89. Ripple and Garlinghouse also controlled the flow of XRP, the advancement of the XRP
22 Ledger, and the means by which transactions in XRP and the offer and sale of XRP occurred, including
23 their ability to freeze XRP accounts and control the flow of XRP through various exchanges and the
24 other indications of control alleged herein. By virtue of their own acts, and their positions of control
25 and influence, Ripple and Garlinghouse materially aided in the acts and transactions constituting the
26 violations alleged herein.

27 90. By virtue of the foregoing, defendants are liable to plaintiff and the Class as secondary
28 actors under §25504 of the Corporations Code.

91. As such, Garlinghouse and Ripple have participated in an unregistered sale of securities in violation of the Corporations Code, and are liable to plaintiff and the Class for rescission and/or compensatory damages.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action and certifying plaintiff as a class representative and plaintiff's counsel as Lead Counsel;

B. Declaring that XRP is a security and that defendants' unregistered sales of XRP violated applicable law;

C. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

D. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

E. Awarding rescission or a rescissionary measure of damages; and

F. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff respectfully requests a trial by jury on all issues so triable.

Dated: June 27, 2018

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO


BRIAN J. ROBBINS

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Attorneys for Plaintiff

1275287

EXHIBIT E

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Attorneys for Plaintiffs
 Vladi Zakinov and David Oconer

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

DAVID OCONER, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

FILED
SAN MATEO COUNTY

AUG 30 2018

Clerk of the Superior Court
 By DEPUTY CLERK

Case No. 18-CIV-02845

CLASS ACTION

STIPULATION AND [PROPOSED]
 ORDER CONSOLIDATING RELATED
 ACTIONS AND RELATED MATTERS

Judge: Richard H. DuBois

Dept: 16

Date Action Filed: June 5, 2018

Case No. 18-CIV-03332

18 - CIV - 02845
 SO
 Stipulation & Order
 1352929



Judge: Robert D. Foiles

Dept: 21

Date Action Filed: June 27, 2018

10/10/18
J. MONTGOMERY

10/10/18

10/10/18

10/10/18

RECEIVED
SAN MATEO COUNTY
AUG 28 2018
Clerk of the Superior Court

3. Counsel for the parties to this Stipulation include Robbins Arroyo LLP ("Robbins Arroyo") and Robbins Geller Rudman & Dowd LLP ("Robbins Geller") on behalf of plaintiff Vladi Zakarov; Robbins Arroyo on behalf of David Oconer (collectively, "Plaintiffs"); Skadden, Arps, Slate, Meagher & Flom LLP and Debevoise & Plimpton LLP on behalf of defendants Ripple Labs, Inc., XRP II, LLC, and Bradley Garlinghouse (collectively, "Defendants").

4. The parties agree that it would be duplicative and wasteful of the Court's resources for Defendants named in the Related Actions to have to respond to the individual complaints prior to the agreed upon consolidation and in light of the anticipated filing of a consolidated complaint. Therefore, the parties agree that Defendants need not respond to the individual complaints that have already been filed in this Court.

5. On August 8, 2018, the Zakinov action was designated as complex. On August 21, 2018, it was assigned to the Honorable Richard H. DuBois, Department 16, for all purposes. A complex case status conference in the Oconer action is set for August 29, 2018.

6. The following Related Actions are hereby consolidated for all purposes, including pre-trial proceedings and trial (the "Consolidated Action"):

<u>Abbreviated Case Name</u>	<u>Case Number</u>	<u>Date Filed</u>
<i>Zakinov v. Ripple Labs Inc.</i>	18-CIV-02845	6/5/2018
<i>Oconer v. Ripple Labs Inc.</i>	18-CIV-03332	6/27/2018

1 Every pleading filed in the Consolidated Action, or in any separate action included herein, shall
2 bear the following caption:

3 SUPERIOR COURT OF THE STATE OF CALIFORNIA

4 COUNTY OF SAN MATEO

5 IN RE RIPPLE LABS INC. LITIGATION	)	Lead Case No. 18-CIV-02845
6 _____	)	(Consolidated with Case No. 18-CIV-03332)
7 This Document Relates To:)	
8 ALL ACTIONS.	)	<u>CLASS ACTION</u>
9 _____)	

10 7. The files of the Consolidated Action shall be maintained in one file under Master
11 File No. 18-CIV-02845.

12 8. Plaintiffs shall either designate a complaint as operative or file a Consolidated
13 Complaint ("Consolidated Complaint") within 45 days after entry of this order, unless otherwise
14 agreed upon by the parties. If filed, the Consolidated Complaint shall be the operative
15 complaint and shall supersede all complaints filed in any of the actions consolidated herein.
16 Defendants shall respond to the operative complaint or Consolidated Complaint within 45 days
17 after service, unless otherwise agreed by the parties. In the event that Defendants file any
18 motions directed at the operative complaint or Consolidated Complaint, the opposition and
19 reply briefs shall be filed within 45 and 20 days, respectively, of the motions, unless otherwise
20 agreed upon by the parties. Counsel agrees to confer to select a hearing date.

21 **APPOINTMENT OF A LEADERSHIP STRUCTURE**

22 9. The Plaintiffs agree that Robbins Arroyo and Robbins Geller shall serve as Co-
23 Lead Counsel for Plaintiffs ("Co-Lead Counsel") in the Consolidated Action, and Defendants
24 take no position on the Court's appointment of Co-Lead Counsel for Plaintiffs or the
25 responsibilities assumed by that Co-Lead Counsel.

26 10. Plaintiffs agree that Co-Lead Counsel shall have sole authority to speak for
27 Plaintiffs in matters regarding pre-trial procedure, trial, and settlement and shall make all work
28

1 assignments in such manner as to facilitate the orderly and efficient prosecution of the
2 Consolidated Action and to avoid duplicative or unproductive effort.

3 11. Plaintiffs agree that Co-Lead Counsel shall be responsible for coordinating all
4 activities and appearances on behalf of Plaintiffs. No motion, request for discovery, or other
5 pre-trial or trial proceedings shall be initiated or filed by any Plaintiff except through Co-Lead
6 Counsel.

7 12. Plaintiffs agree that Co-Lead Counsel shall be available and responsible for
8 communications to and from this Court, including distributing orders and other directions from
9 the Court to counsel, and shall be responsible for communication with Defendants' counsel on
10 matters of case administration and scheduling. Co-Lead Counsel shall further be responsible for
11 creating and maintaining a master service list of all parties and their respective counsel.

12 13. Defendants' counsel may rely upon all agreements made with Co-Lead Counsel,
13 or other duly authorized representative of Co-Lead Counsel, and such agreements shall be
14 binding on all Plaintiffs.

15 **RELATED MATTERS**

16 14. This Order shall apply to each case, arising out of the same or similar
17 transactions and/or events as the Related Actions which is currently pending in, subsequently
18 filed in, remanded to, or transferred to this Court.

19 15. When a case which properly belongs as part of the *In re Ripple Labs Inc.*
20 *Litigation*, Lead Case No. 18-CIV-02845, is hereafter or has been filed in, remanded to, or
21 transferred to this Court, counsel for the parties shall call such filing, remand, or transfer to the
22 attention of the clerk of this Court for purposes of moving the Court for an order consolidating
23 such case(s) with *In re Ripple Labs Inc. Litigation*, Lead Case No. 18-CIV-02845. Counsel for
24 the parties will further assist in assuring that counsel for the parties in such subsequent action(s)
25 receive notice of this Order.

1 IT IS SO STIPULATED.

2 DATED: 8/22/18

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO


STEPHEN J. ODDO

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Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiffs Vladi Zakinov and
David Oconer

12 DATED: 8/22/18

ROBBINS GELLER RUDMAN
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Additional counsel for Plaintiff Vladi Zakinov

1 DATED:

8/22/18

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& FLOM LLP

Peter Morrison / by permission
SPD

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1286406

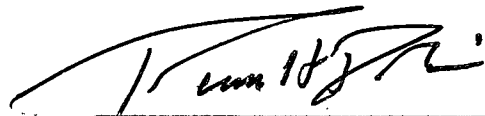
ORDER

The above Stipulation Consolidating Related Actions and Related Matters having been considered, and good cause appearing therefore,

IT IS SO ORDERED.

DATED:

8-29-18



HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 23, 2018, I served the following document(s):

STIPULATION AND [PROPOSED] ORDER CONSOLIDATING RELATED ACTIONS AND RELATED MATTERS

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

By causing the document(s) listed above to be served by a courier service on the following parties:

By depositing in a box or other facility regularly maintained by UPS, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 23, 2018, at San Diego, California.



KATHERINE B. SCHEELE

Zakinov v. Ripple Labs Inc., et al., Case No. 18CIV02845;
Oconer v. Ripple Labs Inc., et al., Case No. 18CIV03332

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Counsel for defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse

EXHIBIT F

18 - CIV - 03461
ORD
Order
1469551



FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court
By 
DEPUTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN MATEO

AVNER GREENWALD, individually and on behalf
Of all others similarly situated,

Plaintiff,

vs.

RIPPLE LABS INC. et al.

Defendants,

Case No. 18 CIV 03461
CLASS ACTION

ORDER DEEMING CASE RELATED AND
CONSOLIDATING ACTION INTO MASTER
FILE NO. 18CIV02845

Dept.: Hon. Richard H. DuBois
Dept. 16

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

The Master File consolidated class action cases, 18CIV02845, were previously designated as complex and single assigned to Department 16, Honorable Richard DuBois.

On October 25, 2018, Defendant Ripple Labs Inc. in 18CIV03461, a putative class action, filed a Notice of Related Case, indicating that the action is related to *In re Ripple Labs Inc Litigation*, Master file No. 18CIV02845.

Accordingly, IT IS HEREBY ORDERED AS FOLLOWS:

1. Notice of Related Case having been filed and served, and no opposition or objection filed and served, the case of *Greenwald vs. Ripple Labs Inc 18CIV03461* is deemed "related" to the pending consolidated class actions entitled *In re Ripple Labs Inc Litigation*, Master file No. 18CIV02845.

2. Pursuant to the order in Master File No. 18CIV02845 consolidating related class actions, and having been previously assigned for all purposes to Department 16, the case of *Greenwald vs. Ripple*

1 *Labs Inc 18CIV03461* is ordered CONSOLIDATED as part of Master File No. 18CIV02845.

2 3. Accordingly, any Complex Status Conference or Case Management Conference previously
3 set for 18CIV03461 is VACATED. The Case Management Conference in the Master file set for November
4 16, 2018 at 10:30 a.m. in Department 16 shall remain on calendar.

5
6
7 Dated:

OCT 31 2018

By:



Richard H. DuBois
JUDGE OF THE SUPERIOR COURT



SUPERIOR COURT OF SAN MATEO COUNTY

Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 11/1/2018

In the Matter of: AVNER GREENWALD vs. RIPPLE LABS, INC., a Delaware Corporation, et al
Case No.: 18-CIV-03461

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) ORDER DEEMING CASE RELATED AND CONSOLIDATING ACTION INTO MASTER FILE NO. 18CIV02845, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 11/1/2018

Neal I. Taniguchi, Court Executive Officer/Clerk

By:

Andrea Daley, Deputy Clerk

Copies Mailed To:

BRIAN J. ROBBINS
STEPHEN J. ODDO
600 B STREET, SUITE 1900
SAN DIEGO, CA 92101

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FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court

By:  DEPUTY CLERK

18 - CIV - 03461
AFM
Affidavit of Mailing
1468990



MARY JO WHITE
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EXHIBIT G

Attorney or Party without Attorney (Name/Address) Brian J. Robbins ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 State Bar No.: 190264 Attorney for: Plaintiff Vladi Zakinov	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY JUN 05 2018 Clerk of the Superior Court By <u>MIRNA P. RIVERA-MARTINEZ</u> DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063	
Plaintiff Vladi Zakinov	
Defendant Ripple Labs Inc., et al.	Case Number 18C1V02845
Certificate Re Complex Case Designation	

This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation

- In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case ~~box 1 or box 2~~ because at least one or more of the following boxes has been checked:

 - ☒ Box 1 – Case type that is best described as being ~~provisionally~~ ~~provisionally~~ complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
 - ☒ Box 2 – Complex ~~provisionally~~ ~~provisionally~~ due to factors requiring exceptional judicial management
 - ☒ Box 5 – Is ~~provisionally~~ ~~provisionally~~ a class action suit.
- This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision];

This case is provisionally complex as it involves securities claims. In addition, it is
being designated complex due to the large number of parties/witnesses, the
complexity of factual and/or legal issues, and because certification of a putative
class will be pursued.

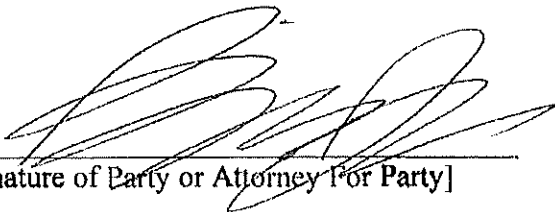
(attach additional pages if necessary)

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation ~~for a complex case or counter-designation~~ being made in the attached Civil Case Cover Sheet.

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: June 5, 2018

Brian J. Robbins
[Type or Print Name]


[Signature of Party or Attorney for Party]

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Brian J. Robbins (190264) ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 TELEPHONE NO.: (619) 525-3990 FAX NO.: (619) 525-3991 ATTORNEY FOR (Name): Plaintiff Vladi Zakinov		FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY JUN 05 2018 Clerk of the Superior Court By <u>MIRNA P. RIVERA-MARTINEZ</u> DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME: Hall of Justice and Records		
CASE NAME: Zakinov v. Ripple Labs Inc., et al.		
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)	Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)		CASE NUMBER: 18CV02845 JUDGE: DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (38) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
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2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input checked="" type="checkbox"/> Large number of witnesses |
| b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): Two
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: June 5, 2018

Brian J. Robbins

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) *(If the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)*

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability *(not asbestos or toxic/environmental)* (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) *(not civil harassment)* (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice *(not medical or legal)*
Other Non-PI/PD/WD Tort (35)
Employment
Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract *(not unlawful detainer or wrongful eviction)*
Contract/Warranty Breach—Seller
Plaintiff *(not fraud or negligence)*
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage *(not provisionally complex)* (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property *(not eminent domain, landlord/tenant, or foreclosure)*

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) *(if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)*

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor
Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims *(arising from provisionally complex case type listed above)* (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment *(non-domestic relations)*
Sister State Judgment
Administrative Agency Award *(not unpaid taxes)*
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint *(not specified above)* (42)
Declaratory Relief Only
Injunctive Relief Only *(non-harassment)*
Mechanics Lien
Other Commercial Complaint Case *(non-tort/non-complex)*
Other Civil Complaint *(non-tort/non-complex)*

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition *(not specified above)* (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

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14 SUPERIOR COURT OF THE STATE OF CALIFORNIA

15 COUNTY OF SAN MATEO

16 VLADI ZAKINOV, Individually and on
17 Behalf of All Others Similarly Situated,

18 Plaintiff,

19 v.

20 RIPPLE LABS INC.,
21 XRP II, LLC,
22 BRADLEY GARLINGHOUSE, and
23 DOES 1-25, Inclusive,

24 Defendants.

ENDORSED FILED
SAN MATEO COUNTY

JUN 05 2018

Clerk of the Superior Court
By MIRNA P. RIVERA-MARTINEZ
DEPUTY CLERK

Case No.

18C1V02845

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
CALIFORNIA CORPORATIONS CODE

DEMAND FOR JURY TRIAL

FILE BY FAX

CLASS ACTION COMPLAINT

INTRODUCTION

1
2 1. Plaintiff, individually and on behalf of all others similarly situated, by his
3 undersigned attorneys, alleges the following based upon personal knowledge as to plaintiff and
4 plaintiff's own acts, and upon information and belief as to all other matters based on the
5 investigation conducted by and through plaintiff's attorneys, which included, among other things,
6 a review of media and reports about the Company and Company press releases against
7 defendants Ripple Labs Inc. ("Ripple" or the "Company"), its wholly owned subsidiary XRP II,
8 LLC ("XRP II"), and Ripple's Chief Executive Officer, Bradley Garlinghouse ("Garlinghouse").
9 Plaintiff believes that substantial additional evidentiary support will exist for the allegations set
10 forth herein.

SUMMARY OF THE ACTION

11
12 2. Plaintiff brings this class action on behalf of all California citizens who purchased
13 or otherwise acquired Ripple tokens ("XRP") issued and sold by defendants.

14 3. XRP, despite its name as a "token," is actually a security under California law. In
15 particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures;
16 (ii) the Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiff and the
17 Class (as defined herein) are effectively powerless to control the success of Ripple and XRP; and
18 (iv) plaintiff and the Class members' investment is substantially at risk and is without any
19 security.

20 4. As a result, defendants were required to register XRP when offering or selling it.
21 They did not. Instead, they made a series of improper statements which drove up the price of
22 XRP, allowing defendants to obtain greater returns on their XRP sales.

JURISDICTION AND VENUE

23
24 5. This Court has jurisdiction over the causes of action asserted herein pursuant to
25 the California Constitution, Article VI, section 10, because this case is a cause not given by
26 statute to other trial courts.
27
28

3 7. This Court has personal jurisdiction over each of the defendants named herein
4 because they conduct business, were citizens of, or took steps to conduct the initial coin offering
5 ("ICO") in California.

8. Venue is proper because the defendants' wrongful acts arose in and emanated from, at least in part, this County. The violations of law complained of herein occurred in this County. Further, certain of the defendants live in or conduct business in this County.

9 9. This Court also has personal jurisdiction over Defendants because they reside or
10 have their principal places of business in California.

11 THE PARTIES

12 | Plaintiff

13 10. Plaintiff Vladi Zakinov is a citizen of California. Plaintiff purchased XRP in
14 January 2018 and was damaged thereby.

15 Defendants

11. Defendant Ripple is a corporation with principal executive offices located at 315 Montgomery Street, 2nd Floor, San Francisco, California. Ripple operates RippleNet, a global payments network based on blockchain technology. Through RippleNet, banks and payment providers can use the digital asset XRP to process, clear, and settle financial transactions in real-time worldwide.

21 12. Defendant XRP II is a limited liability company and a wholly owned subsidiary
22 of Ripple. Its principal place of business is in San Francisco, California. XRP II sold XRP and
23 solicited the purchases of XRP from plaintiff and the Class for its own benefit and the benefit of
24 its parent, Ripple, and its executives and owners, such as defendant Garlinghouse

13. Defendant Garlinghouse is Ripple's Chief Executive Officer and has been since January 2017 and a director and has been since at least July 2017. Defendant Garlinghouse was also Ripple's President and Chief Operating Officer from April 2015 to December 2016. Defendant Garlinghouse is a California citizen and a resident of San Mateo County.

1 14. The true names and capacities of defendants sued herein under California Code of
2 Civil Procedure section 474 as Does 1 through 25, inclusive, are presently not known to plaintiff,
3 who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this
4 complaint and include these Doe defendants' true names and capacities when they are
5 ascertained. Each of the fictitiously named defendants is responsible in some manner for the
6 conduct alleged herein and for the injuries suffered by the Class.

7 **RIPPLE INDISCRIMINATELY OFFERS XRP TO THE PUBLIC**
8 **AT LARGE, WHICH PLAINTIFF AND THE CLASS INVESTED**
9 **IN WITH AN EXPECTATION OF PROFIT**

10 15. Ripple sells XRP through exchanges and directly to investors. The Company lists
11 the various exchanges on which investors can purchase XRP on its website, and for some
12 provides step by step purchasing directions.

13 16. Plaintiff and the Class invested fiat and other digital currencies, such as Bitcoin
14 and Ethereum, to purchase XRP.

15 17. Plaintiff used Ethereum to purchase XRP. In particular, plaintiff purchased 162
16 XRP at \$1.4337 and 57 XRP at \$1.365 on January 11, 2017, and 299 XRP at a price of \$1.0923
17 on January 27, 2018. Plaintiff has not sold any of his XRP.

18 18. Plaintiff and the Class invested in XRP with the expectation that XRP would
19 increase in value and result in a profit. As explained below, defendants have promoted XRP and
20 conflated the value of XRP with its other software efforts.

21 **RIPPLE USES PLAINTIFF AND THE CLASS MEMBERS' UNSECURED PASSIVE**
22 **INVESTMENTS TO FUND THE COMMON ENTERPRISE**

23 19. Ripple concedes that it "sells XRP to fund its operations and promote the
24 network. This allows Ripple [] to have a spectacularly skilled team to develop[] and promote the
25 Ripple protocol and network." Ripple sold nearly \$92 million worth of XRP in the fourth quarter
26 of 2017 alone. On information and belief, the sale of XRP substantial dwarfs any other source of
27 revenue for the Company.

20. In addition, plaintiff and the Class members' investment is entirely passive. Plaintiff and the Class have⁶ no ability to control the direction of the Company or the development of the XRP Ledger (described in more detail below). Rather, it is through the efforts of defendants that plaintiff expected to make a profit on his investment. In particular, the efforts of defendants to maintain and push the adoption of XRP and the XRP Ledger, of which they have near complete control, is explained below.

21. Plaintiff and the Class members' investment in XRP is unsecured and at risk of loss at all times, largely depending on defendants' actions. If defendants fail to create an adequate market for XRP, inadequately or incorrectly manage the XRP Ledger, or there is a loss of confidence in Ripple's management by the general market, plaintiff and the Class members' investment in XRP will likely lose money.

**THE VALUE OF XRP IS DERIVED FROM DEFENDANTS' EFFORTS
ON BEHALF OF THE COMMON ENTERPRISE**

XRP's Value Is a Result of Defendants' Efforts

Defendants Control Both the Supply of XRP in the Market and the XRP Ledger

22. Since its creation, defendants have focused on how to create, maintain, and increase the value of XRP. First, they focused on limiting the supply of XRP while also increasing its usage. Defendants created all 100 billion XRP at one time. XRP is currently the third largest coin by market capitalization, with a market capitalization of approximately \$24 billion.

23. Ripple provided its founders with twenty billion XRP and held onto the rest. defendants' plan was to sell the other eighty billion XRP in basically a never ending ICO. In particular, Ripple put fifty-five billion XRP into an escrow account and has the ability to sell up to one billion XRP a month.

24. Ripple's control over XRP's supply is different than other popular cryptocurrencies, such as Bitcoin. One of the hallmarks of a cryptocurrency is that control of the currency is supposedly "decentralized." In contrast to a governmental system, where, for example in the United States, the Federal Reserve system controls the supply of currency,

1 cryptocurrencies work through distributed ledger technology, which has no central administrator
2 or centralized data storage. It is the ledger of a cryptocurrency that can record transactions
3 between two parties. This instant creation of the XRP security, which its set cap, stands in stark
4 contrast to other well-known cryptocurrencies, such as Bitcoin, which are constantly being
5 "mined."¹

6 25. Ripple created and continues to work on the XRP Ledger, in which XRP's
7 adoption and value depends. The XRP Ledger, as opposed to Bitcoin, is not decentralized, as
8 Ripple basically admits. The Company has a multiple page explanation on "The XRP Ledger
9 Consensus Process" on its website. There, Ripple explains how the "nodes" of the network share
10 information about candidate transactions, which validates the transactions. Unlike Bitcoin or
11 Ethereum, which is open to the world, the XRP Ledger nodes "evaluate proposals from a specific
12 set of peers, called chosen validators [also known as Unidug Node Lists ("UNLs)]." These
13 UNLs are chosen by Ripple itself based on what it deems "trusted," meaning nodes that will not
14 collude.

15 26. In its long discussion of the XRP Ledger Consensus Process, Ripple never calls
16 XRP decentralized, though it does confusingly say the ledger consists of "distributed" servers.
17 Rather, it claims to have come up with a plan "to increase decentralization and ensure that no
18 single entity has operational control of the XRP Ledger." While the XRP Ledger could one day
19 be decentralized, it is not currently. Instead, Ripple admits that "Beyond our work on
20 decentralization, we have also focused on refining and improving the XRP Ledger Consensus
21 Protocol, the algorithm underlying the XRP Ledger."

22 27. On February 6, 2018, BitMEX ran an article titled "The Ripple Story," in the
23 wake of XRP's substantial increase in value. In short, the researchers found that "the default
24 behaviour of Rippled nodes effectively hands full control over updating the ledger to the
25 Ripple.com server" and that "More significant than the disputes is the fact that the Ripple system
26

27 ¹ Mining is when transactions are verified and added to the public ledger, known as a blockchain,
28 as a means through which new bitcoin are released.

1 appears for all practical purposes to be centralised and is therefore perhaps devoid of any
 2 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
 3 have...."

4 28. BitMEX explained in reasoning that led it to conclude that the XRP Ledger is
 5 centralized:

6 In January 2018, the BitMEX Research team installed and ran a copy of Rippled
 7 for the purpose of this report. The node operated by downloading a list of five
 8 public keys from the server v1.ripple.com, as the screenshot below shows. All
 9 five keys are assigned to Ripple.com. The software indicates that four of the five
 10 keys are required to support a proposal in order for it to be accepted. Since the
 11 keys were all downloaded from the Ripple.com server, Ripple is essentially in
 12 complete control of moving the ledger forward, so one could say that the system
 is centralised. Indeed, our node indicates that the keys expire on 1 February 2018
 (just a few days after the screenshot), implying the software will need to visit
 Ripple.com's server again to download a new set of keys.

13 29. Further, Ripple publishes a quarterly report detailing its efforts grow the "XRP
 14 ecosystem." In its report for the second quarter of 2017, the Company admitted that it continues
 15 to work on the XRP Ledger. In particular, it stated, "[m]ost importantly, we are accelerating the
 16 pace of *our investment* in the XRP Ledger to build on its speed, uptime, and scalability, to
 17 ensure XRP is the most trusted enterprise-grade digital asset."

18 30. Thus, defendants control both the supply of XRP and the ledger on which it is
 19 based.

20 **Defendants' Efforts to Market and Increase the Value of XRP**

21 31. In addition, defendants control the value of XRP by continuously touting it in the
 22 press and obscuring the role of the security. In the press release announcing the formation of the
 23 escrow account, Ripple stated that:

24 [The] move underscores Ripple's commitment to building XRP liquidity and a
 25 healthy and trusted market. Long term, the value of digital assets will be
 26 determined by their utility. XRP has emerged as the only digital asset with a clear
 27 intuitional use case designed to solve a multittrillion-dollar problem—the global
 payment and liquidity challenges that banks, payment providers and corporates
 face.

1 32. Discussing the escrow account, defendant Garlinghouse stated that, "Our goal in
2 distributing XRP is to incentivize actions that build trust, utility and liquidity. We engage in
3 distribution strategies that we expect will result in a strengthening XRP exchange rate against
4 other currencies." Defendant Garlinghouse continued:

5 [W]e have heard concerns in the market about uncertainty surrounding our
6 ongoing XRP distribution. The root of this uncertainty is the notion that Ripple
7 might one day sell its 61.68B XRP in the market at any time—a scenario that
8 would be bad for Ripple! Our self-interest is aligned with building and
maintaining a healthy XRP market.

9 33. In addition to limiting supply of XRP, defendants also attempted to build demand
10 for the security by aggressively marketing it. Ripple's website contains a page on "How to Buy
11 XRP," which has links to various exchanges on which a person can buy XRP and even a "How
12 to" on certain of those pages.

13 34. There is also a page on Ripple's website dedicated to XRP's market performance.
14 The page boldly stated that the Company is "committed to the long term health and stability of
15 XRP markets." The page also displays Ripple's market capitalization and the value of each XRP
16 security in U.S. Dollars.

17 35. Defendants have also conflated the Company's software products with XRP in
18 order to increase the value of XRP. Ripple develops software for financial institutions and
19 payment providers that attempt, among other things, to minimize liquidity costs, known as
20 xCurrent, xRapid, and xVia. xCurrent is "Ripple's enterprise software solution that enables
21 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks
22 message each other in real-time to confirm payment details prior to initiating the transaction and
23 to confirm delivery once it settles." xVia "is for corporates, payment providers and banks who
24 want to send payments across various networks using a standard interface." Neither xCurrent
25 nor xVia require the use of XRP.²

26 _____
27 ² The only product that actually needs XRP is xRapid. xRapid is supposedly "for payment
28 providers and other financial institutions who want to minimize liquidity costs while improving
their customer experience. Because payments into emerging markets often require pre-funded

1 36. For instance, on June 28, 2017, defendant Garlinghouse participated in an
2 interview on CNBC. During the interview, defendant Garlinghouse discussed why XRP was "a
3 more stable digital asset." In among other things, defendant Garlinghouse highlighted the
4 payment technology that Ripple was working on. In doing so, defendant Garlinghouse again
5 conflated the value of XRP with software Ripple was developing. To make matters worse,
6 Ripple then retweeted a portion of that interview that was originally tweeted by the CNBC
7 reporter.

8 37. During a Bloomberg News Network interview, defendant Garlinghouse stated that
9 "the reason why XRP has performed so well this year, we're solving a real problem, it's a
10 multitrillion-dollar problem around cross-border payments. There is a lot of friction, its very
11 slow its expensive, we're working with the institutions to deliver on that, so people have gotten
12 excited. We now have over 100 customers we've announced publicly." This discussion, of
13 course, conflated XRP, the security, with the customers using Ripple's products. Defendant
14 Garlinghouse doubled down on this confusion later in the interview, stating "at the end of the day
15 the value of digital assets will be driven by their utility. If they are solving a real problem, and
16 that problem has scale, and that problem, you know there is real value there, then there will be
17 demand for the tokens and the price will go up. For XRP we have seen because *it's required*, it's
18 something that can really reduce the friction, and we're talking about a multitrillion-dollar
19 problem in how cross-border payments flow. And so, I think if you drive real utility, yes there's
20 going to be demand for that." "XRP is up 100x this year, and I think it's because the problem we
21 are solving people realize is a real problem, it's a big problem."

22 38. Articles about Ripple's software products often cause a rise in the price of XRP,
23 even though the two are not linked. Defendants have fostered this confusion through their own
24 statements and "retweets." For instance, on May 3, 2017, Ripple quote tweeted an article from
25 Nasdaq.com, stating "Ripple adoption is sparking interested in XRP, 'which had an impressive
26

27 local currency accounts around the world, liquidity costs are high. xRapid dramatically lowers
28 the capital requirements for liquidity."

1 rally in the last two months." The quoted article discussed how financial institutions were
 2 adopting Ripple's software products, which "in turn, has sparked interest in Ripple's digital
 3 currency." Instead of explaining the difference, defendants, in quote tweeting the article,
 4 continued to give off the incorrect impression about the link between the products and security.

5 39. Similarly, on May 16, 2017, Ripple tweeted a quote from an article about XRP's
 6 market capitalization, stating; "The appeal that Ripple has towards traditional financial
 7 institutions is a big advantage it has over Bitcoin." However, this article confused Ripple's
 8 software solutions with the value of XRP, a confusion fostered by Ripple's quoted tweet.

9 40. Defendants fought back against articles and writers that attempted to unlink XRP
 10 from Ripple's other products. On January 4, 2018, *The New York Times* published an article by
 11 Nathaniel Popper ("Popper") titled: "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival
 12 Zuckerberg."

13 41. Popper tweeted a follow-up about his article, stating, "over the last day, I've asked
 14 several people close to banks if banks are indeed planning to begin using Ripple's token, XRP, in
 15 a serious way, which is what investors seem to assume when they buy in at the current XRP
 16 prices. This is a sampling of what I heard back:

- 17 • Actual use of XRP by banks is not something I've heard about, I find the
 18 run up absolutely baffling, as do all the blockchain folks I know at large
 FIs.
- 19 • XRP isn't used for anything. The hope is that someday it will be by banks,
 20 but there really aren't banks signaling that yet.
- 21 • I would be surprised if there have been any real bank to bank transactions
 22 done with it (outside of maybe test transactions), despite people making
 claims to the contrary.
- 23 • It's not clear to me why XRP would be used by banks at all. XRP could
 24 potentially be adopted by consumers as a payment rail, although they don't
 yet have meaningful traction in that regard.
- 25 • I haven't seen a sufficiently large catalyst in the fundamentals of Ripple to
 26 justify a greater than 10x move in the price of \$XRP over the last month.
- 27 • In a few years we're going to look back on 2017 and think WTF were we
 28 thinking."

1 42. Defendant Garlinghouse responded by tweeting: "Over the last few months I've
2 spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid
3 (our XRP liquidity product) in a serious way...." Ripple's XRP product manager, tweeted: "Do
4 you think I left #Bitcoin and joined @Ripple to build bank software? Think again. \$XRP."

5 43. Accordingly, as shown above, the defendants acted on behalf of the common
6 enterprise, with the expectation of increase the value of XRP, and thus causing a profit.

7 **CLASS ACTION ALLEGATIONS**

8 44. Plaintiff brings this class action individually and on behalf of all California
9 citizens who purchased or otherwise acquired XRP from January 1, 2013 to the present (the
10 "Class"). Excluded from the Class are defendants and their families, the officers and directors
11 and affiliates of defendants, at all relevant times, members of their immediate families and their
12 legal representatives, heirs, successors, or assigns, and any entity in which defendants have or
13 had a controlling interest.

14 45. The members of the Class are so numerous that joinder of all members is
15 impracticable. While the exact number of Class members is unknown to plaintiff at this time and
16 can only be ascertained through appropriate discovery, plaintiff believes that there are thousands
17 of members in the proposed Class. XRP owners and other members of the Class may be
18 identified from records maintained by Ripple and may be notified of the pendency of this action
19 by mail, using the form of notice similar to that customarily used in class actions.

20 46. Plaintiff's claims are typical of the claims of the members of the Class, as all
21 members of the Class are similarly affected by defendants' wrongful conduct, as complained of
22 herein.

23 47. Plaintiff will fairly and adequately protect the interests of the members of the
24 Class and has retained counsel competent and experienced in class and securities litigation.

25 48. There are no unique defenses that may be asserted against plaintiff individually,
26 as distinguished from the other members of the Class. Plaintiff has no interest that is in conflict
27 with, or is antagonistic to, the interests of the members of the Class, and has no conflict with any
28

1 other members of the Class. Plaintiff has retained competent counsel experienced in securities,
2 consumer protection, and Class action litigation to represent himself and the Class.

3 49. Common questions of law and fact exist as to all members of the Class and
4 predominate over any questions solely affecting individual members of the Class. Among the
5 questions of law and fact common to the Class are:

- 6 (a) whether XRP are securities;
- 7 (b) whether defendants violated the California Corporations Code; and
- 8 (c) to what extent the members of the Class have sustained damages and the
9 proper measure of damages.

10 50. A class action is superior to all other available methods for the fair and efficient
11 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
12 the damages suffered by individual Class members may be relatively small, the expense and
13 burden of individual litigation make it impossible for members of the Class to individually
14 redress the wrongs done to them. There will be no difficulty in the management of this action as
15 a class action.

16 **FIRST CAUSE OF ACTION**

17 **Against All Defendants and Does 1-25 for the Unregistered Offer and Sale of 18 Securities in Violation of California Corporations Code Sections 25110 and 25503**

19 51. Plaintiff incorporates by reference and realleges each and every allegation
20 contained above, as though fully set forth herein.

21 52. This Cause of Action is brought pursuant to California Corporations Code
22 sections 25110 and 25503, on behalf of the Class, against all defendants.

23 53. XRP are securities within the meaning of the California Corporations Code.

24 54. No registration statements have been filed with any state or federal government
25 entity or have been in effect with respect to any of the offerings alleged herein.

26 55. Defendants and each of them, by engaging in the conduct described above within
27 California, directly or indirectly, sold and offered to sell the unregistered securities.
28

1 56. Plaintiff and members of the Class purchased XRP securities from defendants.

2 57. By reason of the foregoing, each of the defendants have violated sections and
3 25110 and 25503 of the California Corporations Code.

4 58. As a direct and proximate result of defendants' unregistered sale of securities,
5 plaintiff and members of the Class have suffered damages in connection with their respective
6 purchases of XRP securities.

7 **SECOND CAUSE OF ACTION**

8 **Against Defendants Ripple, Garlinghouse, and Does 1-25**
9 **for Violation of Section 25504 of the California Corporations Code**

10 59. Plaintiff incorporates by reference and realleges each and every allegation
11 contained above, as though fully set forth herein.

12 60. This Cause of Action is brought pursuant to California Corporations Code
13 section 25504, on behalf of the Class, against all defendants.

14 61. Defendants Ripple and Garlinghouse were control persons within the meaning of
15 section 25504 of the California Corporations Code. In particular, defendant Ripple was a control
16 person by virtue of agency and ownership of XRP II. Defendant Garlinghouse was a control
17 person by virtue of his position as an officer of Ripple and/or authorized representative of the
18 other defendants. Defendants Ripple and Garlinghouse each had the power and influence and
19 exercised the same to cause the unlawful offer and sale of XRP securities as described herein.

20 62. Defendants Ripple and Garlinghouse, separately or together, have sufficient
21 influence to have caused XRP II and/or Ripple to submit a registration statement.

22 63. Defendants Ripple and Garlinghouse, separately or together, jointly participated
23 in, and/or aided and abetted, XRP II and/or Ripple failure to register XRP.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, plaintiff demands judgment on his behalf and that of the Class as
26 follows:

27 A. Under section 382 of the California Code of Civil Procedure, certifying this as a
28 Class action, appointing plaintiff as a Class representative under California Rule of Court 3.764,

1 and appointing plaintiff's counsel as Class counsel;

2 B. Awarding damages in favor of plaintiff and the Class against all defendants,
3 jointly and severally, in an amount to be proven at trial, including interest thereon;

4 C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in
5 this action, including counsel fees and expert fees;

6 D. Awarding rescission or a rescissory measure of damages; and

7 E. Awarding equitable, injunctive or other relief, including disgorgement or
8 restitution, as deemed appropriate by the Court.

9 **JURY DEMAND**

10 Plaintiff demands trial by jury.

11 Dated: June 5, 2018

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14 
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Attorneys for Plaintiff

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APPROPRIATE DISPUTE RESOLUTION INFORMATION SHEET

SUPERIOR COURT OF CALIFORNIA, SAN MATEO COUNTY

In addition to the court provided voluntary and mandatory settlement conferences, this court has established, in partnership with the community and Bar Association, the Multi-Option ADR Project. Recognizing that many civil disputes can be resolved without the time and expense of traditional civil litigation, the San Mateo County Superior Court encourages the parties in civil cases to explore and pursue the use of Appropriate Dispute Resolution

WHAT IS APPROPRIATE DISPUTE RESOLUTION?

Appropriate Dispute Resolution (ADR) is the general term applied to a wide variety of dispute resolution processes which are alternatives to lawsuits. Types of ADR processes include arbitration, mediation, neutral evaluation, mini-trials, settlement conferences, private judging, negotiation, and hybrids of these processes. All ADR processes offer a partial or complete alternative to traditional court litigation for resolving disputes.

WHAT ARE THE ADVANTAGES OF USING ADR?

ADR can have a number of advantages over traditional court litigation.

- **ADR can save time.** Even in a complex case, a dispute can be resolved through ADR in a matter of months or weeks, while a lawsuit can take years.
- **ADR can save money.** By producing earlier settlements, ADR can save parties and courts money that might otherwise be spent on litigation costs (attorney's fees and court expenses).
- **ADR provides more participation.** Parties have more opportunity with ADR to express their own interests and concerns, while litigation focuses exclusively on the parties' legal rights and responsibilities.
- **ADR provides more control and flexibility.** Parties can choose the ADR process most appropriate for their particular situation and that will best serve their particular needs.
- **ADR can reduce stress and provide greater satisfaction.** ADR encourages cooperation and communication, while discouraging the adversarial atmosphere found in litigation. Surveys of disputants who have gone through ADR have found that satisfaction with ADR is generally high, especially among those with extensive ADR experience.

Arbitration, Mediation, and Neutral Evaluation

Although there are many different types of ADR processes, the forms most commonly used to resolve disputes in California State courts are Arbitration, Mediation and Neutral Evaluation. The Multi-Option ADR Project a partnership of the Court, Bar and Community offers pre-screened panelists with specialized experience and training in each of these areas.

Arbitration: An arbitrator hears evidence presented by the parties, makes legal rulings, determines facts and makes an arbitration award. Arbitration awards may be entered as

judgments in accordance with the agreement of the parties or, where there is no agreement, in accordance with California statutes. Arbitrations can be binding or non-binding, as agreed by the parties in writing.

Mediation: Mediation is a voluntary, informal, confidential process in which the mediator, a neutral third party, facilitates settlement negotiations. The mediator improves communication by and among the parties, helps parties clarify facts, identify legal issues, explore options and arrive at a mutually acceptable resolution of the dispute.

Neutral Evaluation: Involves presentations to a neutral third party with subject matter expertise who may render an opinion about the case the strengths and weaknesses of the positions, the potential verdict regarding liability, and a possible range for damages.

CIVIL ADR PROCEDURES FOR THE SAN MATEO COUNTY SUPERIOR COURT

- Upon filing a Complaint, the Plaintiff will receive this **information sheet** from the Superior Court Clerk. Plaintiff is expected to include this information sheet when he or she **serves the Complaint** on the Defendant.
- All parties to the dispute may voluntarily agree to take the matter to an ADR process. A stipulation is provided here. Parties chose and contact their own ADR provider. A Panelist List is available online.
- If the parties have not agreed to use an ADR process, an initial Case Management Conference ("CMC") will be scheduled within 120 days of the filing of the Complaint. An **original and copy of the Case Management Conference Statement must be completed and provided to the court clerk no later than 15 days prior to the scheduled conference.** The San Mateo County Superior Court Case Management Judges will strongly encourage all parties and their counsel to consider and utilize ADR procedures and/or to meet with the ADR director and staff where appropriate.
- If the parties voluntarily agree to ADR, the parties will be required to sign and file a **Stipulation and Order to ADR.**
- A timely filing of a stipulation (at least 10 days prior to the CMC) will cause a notice to vacate the CMC. ADR stipulated cases (other than judicial arbitration) will be continued for further ADR/Case Management status review in 90 days. If the case is resolved through ADR, the status review date may be vacated if the court receives a dismissal or judgment. The court may upon review of case information suggest to parties an ADR referral to discuss matters related to case management, discovery and ADR.
- Any ADR Services shall be paid for by the parties pursuant to a separate ADR fee agreement. The ADR Director may screen appropriate cases for financial aid where a party is indigent.
- Local Court Rules require your cooperation in evaluating the ADR Project and will expect a brief evaluation form to be completed and submitted **within 10 days of completion of the process.**

You can find ADR forms on the ADR webpage: www.sanmateocourt.org/adr. For more information contact the Multi-Option ADR Project at (650) 261-5075 or 261-5076.



SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO
MULTI OPTION ADR PROJECT
HALL OF JUSTICE AND RECORDS
400 COUNTY CENTER
REDWOOD CITY, CALIFORNIA 94063

ADR Stipulation and Evaluation Instructions

In accordance with *Local Rule 2.3(i)(3)*, all parties going to ADR must complete a Stipulation and Order to ADR and file it with the Clerk of the Superior Court. The Office of the Clerk is located at:

Clerk of the Superior Court, Civil Division
Attention: Case Management Conference Clerk
Superior Court of California, County of San Mateo
400 County Center
Redwood City, CA 94063-1655

There is no filing fee for filing the stipulation. An incomplete stipulation will be returned to the parties by the Clerk's Office. All stipulations must include the following:

- ☐ Original signatures for all attorneys (and/or parties in pro per);
- ☐ The name of the neutral;
- ☐ Date of the ADR session; and
- ☐ Service List (Counsel need not serve the stipulation on parties).

Parties mutually agree on a neutral and schedule ADR sessions directly with the neutral. If parties would like a copy of the court's Civil ADR Program Panelist List and information sheets on individual panelists, they may visit the court's website at www.sanmateocourt.org/adr.

If Filing the Stipulation Prior to an Initial Case Management Conference

To stipulate to ADR prior to the initial case management conference, parties must file a completed stipulation at least 10 days before the scheduled case management conference. The clerk will send notice of a new case management conference date approximately 90 days from the current date to allow time for the ADR process to be completed.

If Filing Stipulation Following a Case Management Conference

When parties come to an agreement at a case management conference to utilize ADR, they have 21 days from the date of the case management conference to file a Stipulation and Order to ADR with the court [*Local Rule 2.3(i)(3)*].

Post-ADR Session Evaluations

Local Rule 2.3(i)(5) requires submission of post-ADR session evaluations within 10 days of completion of the ADR process. Evaluations are to be filled out by both attorneys and clients. A copy of the Evaluation By Attorneys and Client Evaluation are attached to the Civil ADR Program Panelist List or can be downloaded from the court's web site.

Non-Binding Judicial Arbitration

Names and dates are not needed for stipulations to judicial arbitration. The Judicial Arbitration Administrator will send a list of names to parties once a stipulation has been submitted.

For further information regarding San Mateo Superior Court's Civil ADR and Judicial Arbitration Programs, visit the Court's website at www.sanmateocourt.org/adr or contact the ADR offices at (650) 261-5075 or (650) 261-5076.

Attorney or Party without Attorney (Name, Address, Telephone, Fax, State Bar membership number):	Court Use Only
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO Hall of Justice and Records 400 County Center Redwood City, CA 94063-1655 (650) 363-4711	
Plaintiff(s):	Case number:
Defendant(s):	Current CMC Date:

STIPULATION AND ORDER TO APPROPRIATE DISPUTE RESOLUTION

Plaintiff will file this stipulation with the Clerk's Office 10 days prior to or 3 weeks following the first Case Management Conference unless directed otherwise by the Court and ADR Director [*Local Rule 2.3(i)(3)*]. Please attach a Service List.

The parties hereby stipulate that all claims in this action shall be submitted to (select one):

- ☐ Voluntary Mediation
 ☐ Binding Arbitration (private)
 ☐ Neutral Evaluation
 ☐ Settlement Conference (private)
 ☐ Non-Binding Judicial Arbitration CCP 1141.12
 ☐ Summary Jury Trial
 ☐ Other: _____

Case Type: _____

Neutral's name and telephone number: _____ Date of session: _____

(Required for continuance of CMC except for non-binding judicial arbitration)

Identify by name the parties to attend ADR session: _____

Original Signatures

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

IT IS SO ORDERED:

Date:

 Judge of the Superior Court of San Mateo County

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ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): TELEPHONE NO.: FAX NO. (Optional): E-MAIL ADDRESS (Optional): ATTORNEY FOR (Name):		FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF STREET ADDRESS: MAILING ADDRESS: CITY AND ZIP CODE: BRANCH NAME:		
PLAINTIFF/PETITIONER: DEFENDANT/RESPONDENT:		
CASE MANAGEMENT STATEMENT (Check one): <input type="checkbox"/> UNLIMITED CASE (Amount demanded exceeds \$25,000) <input type="checkbox"/> LIMITED CASE (Amount demanded is \$25,000 or less)		CASE NUMBER:
A CASE MANAGEMENT CONFERENCE is scheduled as follows: Date: Time: Dept.: Div.: Room: Address of court (if different from the address above): <input type="checkbox"/> Notice of Intent to Appear by Telephone, by (name):		

INSTRUCTIONS: All applicable boxes must be checked, and the specified information must be provided.

- Party or parties (answer one):**
 - ☐ This statement is submitted by party (name):
 - ☐ This statement is submitted jointly by parties (names):
- Complaint and cross-complaint (to be answered by plaintiffs and cross-complainants only)**
 - The complaint was filed on (date):
 - ☐ The cross-complaint, if any, was filed on (date):
- Service (to be answered by plaintiffs and cross-complainants only)**
 - ☐ All parties named in the complaint and cross-complaint have been served, have appeared, or have been dismissed.
 - ☐ The following parties named in the complaint or cross-complaint
 - ☐ have not been served (specify names and explain why not):
 - ☐ have been served but have not appeared and have not been dismissed (specify names):
 - ☐ have had a default entered against them (specify names):
 - ☐ The following additional parties may be added (specify names, nature of involvement in case, and date by which they may be served):
- Description of case**
 - Type of case in ☐ complaint ☐ cross-complaint (Describe, including causes of action):

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PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

4. b. Provide a brief statement of the case, including any damages. *(If personal injury damages are sought, specify the injury and damages claimed, including medical expenses to date [indicate source and amount], estimated future medical expenses, lost earnings to date, and estimated future lost earnings. If equitable relief is sought, describe the nature of the relief.)*

☐ *(If more space is needed, check this box and attach a page designated as Attachment 4b.)*

5. **Jury or nonjury trial**

The party or parties request ☐ a jury trial ☐ a nonjury trial. *(If more than one party, provide the name of each party requesting a jury trial):*

6. **Trial date**

a. ☐ The trial has been set for (date):

b. ☐ No trial date has been set. This case will be ready for trial within 12 months of the date of the filing of the complaint *(if not, explain):*

c. Dates on which parties or attorneys will not be available for trial *(specify dates and explain reasons for unavailability):*

7. **Estimated length of trial**

The party or parties estimate that the trial will take *(check one):*

a. ☐ days *(specify number):*

b. ☐ hours *(short causes) (specify):*

8. **Trial representation (to be answered for each party)**

The party or parties will be represented at trial ☐ by the attorney or party listed in the caption ☐ by the following:

a. Attorney:

b. Firm:

c. Address:

d. Telephone number:

f. Fax number:

e. E-mail address:

g. Party represented:

☐ Additional representation is described in Attachment 8.

9. **Preference**

☐ This case is entitled to preference *(specify code section):*

10. **Alternative dispute resolution (ADR)**

a. **ADR information package.** Please note that different ADR processes are available in different courts and communities; read the ADR information package provided by the court under rule 3.221 for information about the processes available through the court and community programs in this case.

(1) For parties represented by counsel: Counsel ☐ has ☐ has not provided the ADR information package identified in rule 3.221 to the client and reviewed ADR options with the client.

(2) For self-represented parties: Party ☐ has ☐ has not reviewed the ADR information package identified in rule 3.221.

b. **Referral to judicial arbitration or civil action mediation (if available).**

(1) ☐ This matter is subject to mandatory judicial arbitration under Code of Civil Procedure section 1141.11 or to civil action mediation under Code of Civil Procedure section 1775.3 because the amount in controversy does not exceed the statutory limit.

(2) ☐ Plaintiff elects to refer this case to judicial arbitration and agrees to limit recovery to the amount specified in Code of Civil Procedure section 1141.11.

(3) ☐ This case is exempt from judicial arbitration under rule 3.811 of the California Rules of Court or from civil action mediation under Code of Civil Procedure section 1775 et seq. *(specify exemption):*

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PLAINTIFF/PETITIONER: DEFENDANT/RESPONDENT:	CASE NUMBER:
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10. c. Indicate the ADR process or processes that the party or parties are willing to participate in, have agreed to participate in, or have already participated in (*check all that apply and provide the specified information*):

	The party or parties completing this form are willing to participate in the following ADR processes (<i>check all that apply</i>):	If the party or parties completing this form in the case have agreed to participate in or have already completed an ADR process or processes, indicate the status of the processes (<i>attach a copy of the parties' ADR stipulation</i>):
(1) Mediation	<input type="checkbox"/>	<input type="checkbox"/> Mediation session not yet scheduled <input type="checkbox"/> Mediation session scheduled for (date): <input type="checkbox"/> Agreed to complete mediation by (date): <input type="checkbox"/> Mediation completed on (date):
(2) Settlement conference	<input type="checkbox"/>	<input type="checkbox"/> Settlement conference not yet scheduled <input type="checkbox"/> Settlement conference scheduled for (date): <input type="checkbox"/> Agreed to complete settlement conference by (date): <input type="checkbox"/> Settlement conference completed on (date):
(3) Neutral evaluation	<input type="checkbox"/>	<input type="checkbox"/> Neutral evaluation not yet scheduled <input type="checkbox"/> Neutral evaluation scheduled for (date): <input type="checkbox"/> Agreed to complete neutral evaluation by (date): <input type="checkbox"/> Neutral evaluation completed on (date):
(4) Nonbinding judicial arbitration	<input type="checkbox"/>	<input type="checkbox"/> Judicial arbitration not yet scheduled <input type="checkbox"/> Judicial arbitration scheduled for (date): <input type="checkbox"/> Agreed to complete judicial arbitration by (date): <input type="checkbox"/> Judicial arbitration completed on (date):
(5) Binding private arbitration	<input type="checkbox"/>	<input type="checkbox"/> Private arbitration not yet scheduled <input type="checkbox"/> Private arbitration scheduled for (date): <input type="checkbox"/> Agreed to complete private arbitration by (date): <input type="checkbox"/> Private arbitration completed on (date):
(6) Other (<i>specify</i>):	<input type="checkbox"/>	<input type="checkbox"/> ADR session not yet scheduled <input type="checkbox"/> ADR session scheduled for (date): <input type="checkbox"/> Agreed to complete ADR session by (date): <input type="checkbox"/> ADR completed on (date):

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PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

11. Insurance

- a. ☐ Insurance carrier, if any, for party filing this statement (*name*):
- b. Reservation of rights: ☐ Yes ☐ No
- c. ☐ Coverage issues will significantly affect resolution of this case (*explain*):

12. Jurisdiction

Indicate any matters that may affect the court's jurisdiction or processing of this case and describe the status.

☐ Bankruptcy ☐ Other (*specify*):

Status:

13. Related cases, consolidation, and coordination

- a. ☐ There are companion, underlying, or related cases.
- (1) Name of case:
- (2) Name of court:
- (3) Case number:
- (4) Status:
- ☐ Additional cases are described in Attachment 13a.
- b. ☐ A motion to ☐ consolidate ☐ coordinate will be filed by (*name party*):

14. Bifurcation

- ☐ The party or parties intend to file a motion for an order bifurcating, severing, or coordinating the following issues or causes of action (*specify moving party, type of motion, and reasons*):

15. Other motions

- ☐ The party or parties expect to file the following motions before trial (*specify moving party, type of motion, and issues*):

16. Discovery

- a. ☐ The party or parties have completed all discovery.
- b. ☐ The following discovery will be completed by the date specified (*describe all anticipated discovery*):
- | <u>Party</u> | <u>Description</u> | <u>Date</u> |
|--------------|--------------------|-------------|
|--------------|--------------------|-------------|

- c. ☐ The following discovery issues, including issues regarding the discovery of electronically stored information, are anticipated (*specify*):

CM-110

PLAINTIFF/PETITIONER: _____	CASE NUMBER: _____
DEFENDANT/RESPONDENT: _____	

17. Economic litigation

- a. ☐ This is a limited civil case (i.e., the amount demanded is \$25,000 or less) and the economic litigation procedures in Code of Civil Procedure sections 90-98 will apply to this case.
- b. ☐ This is a limited civil case and a motion to withdraw the case from the economic litigation procedures or for additional discovery will be filed (if checked, explain specifically why economic litigation procedures relating to discovery or trial should not apply to this case):

18. Other issues

- ☐ The party or parties request that the following additional matters be considered or determined at the case management conference (specify):

19. Meet and confer

- a. ☐ The party or parties have met and conferred with all parties on all subjects required by rule 3.724 of the California Rules of Court (if not, explain):
- b. After meeting and conferring as required by rule 3.724 of the California Rules of Court, the parties agree on the following (specify):

20. Total number of pages attached (if any): _____

I am completely familiar with this case and will be fully prepared to discuss the status of discovery and alternative dispute resolution, as well as other issues raised by this statement, and will possess the authority to enter into stipulations on these issues at the time of the case management conference, including the written authority of the party where required.

Date:

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

☐ Additional signatures are attached.

NOTICE OF CASE MANAGEMENT CONFERENCE

ENDORSED FILED
SAN MATEO COUNTYCase No: 18C1V02845

JUN 05 2018

Date: OCT. 04 2018Clark of the Superior Court
By MIRNA P. RIVERA-MARTINEZ
DEPUTY CLERK

Time 9:00 a.m.

Dept. 21 --on Tuesday & Thursday
Dept. _____ --on Wednesday & Friday

You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:
 - a) Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
 - b) Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
 - c) File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
 - d) Meet and confer, in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.
2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.
3. Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
4. Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
5. If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
6. You are further ordered to appear in person* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
7. The Case Management Judge will issue orders at the conclusion of the conference that may include:
 - a) Referring parties to voluntary ADR and setting an ADR completion date;
 - b) Dismissing or severing claims or parties;
 - c) Setting a trial date.
8. The Case Management Judge may be the trial judge in this case.

For further information regarding case management policies and procedures, see the court's website at: www.sanmateocourt.org

*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

**SUPERIOR COURT OF SAN MATEO COUNTY**

Civil Department
 400 County Center, Redwood City, CA 94063
 (650) 261-5100
 www.sanmateocourt.org

<p>VLADI ZAKINOV Plaintiff (s)</p> <p>vs.</p> <p>RIPPLE LABS INC. Defendant (s)</p>	<p align="center">Notice of Complex Case Status Conference</p> <p>Case No.: 18-CIV-02845 Date: 8/8/2018 Time: 9:00 AM Dept. PJ</p>
<p>Title: VLADI ZAKINOV VS. RIPPLE LABS INC., ET AL</p>	

You are hereby given notice of your Complex Case Status Conference. The date, time and department have been written above. At this conference, the Presiding Judge will decide whether this action is a complex case within the meaning of California Rules Court ("CRC"), Rule 3.400, subdivision (a) and whether it should be assigned to a single judge for all purposes.

- In accordance with applicable **San Mateo County Local Rule 2.30**, you are hereby ordered to:
 - Serve** copies of this notice, your Civil Case Cover Sheet, and your Certificate Re: Complex Case Designation on all named parties in this action no later than service of your first appearance pleadings.
 - Give reason notice** of the Complex Case Status Conference to all named parties in this action, even if they have not yet made a first appearance or been formally served with the documents listed in subdivision (a). Such notice shall be given in the same manner as required for an ex parte application pursuant to CRC 3.1203.
- If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Complex Cause Status Conference. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.**
- An action is provisionally a complex case if it involves one or more of the following types of claims: (1) antitrust or trade regulation claims; (2) construction defect claims involving many parties or structures; (3) securities claims or investment losses involving many parties; (4) environmental or toxic tort claims involving many parties; (5) claims involving massive torts; (6) claims involving class actions; or (7) insurance coverage claims arising out of any of the claims listed in subdivisions (1) through (6). The Court shall treat a provisionally complex action as a complex case until the Presiding Judge has the opportunities to decide whether the action meets the definition in CRC 3.400(a).
- Any party who files either a Civil Case Cover Sheet (pursuant to CRC 3.401) or counter or joinder Civil Case Cover Sheet (pursuant to CRC 3.402, subdivision (b) or (C)), designating an action as a complex case in Items 1,2 and/or 5, must also file an accompanying Certificate Re: Complex Case Designation in the form prescribed by the Court. The certificate must include supporting information showing a reasonable basis for the complex case designation being sought. Such supporting information may include, without limitation, a brief description of the following factors as they pertain to the particular action: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision.

18 - CIV - 02845
 NCCSC
 Notice of Complex Case Status Conference
 1189907



For further information regarding case management policies and procedures, see court website at www.sanmateocourt.org

* Telephone appearances at Complex Case Status Conference are available by contacting CourtCall, LLC, and independent vendor, at least 5 business days prior to the scheduled conference.

CLERK'S CERTIFICATE OF MAILING

I hereby certify that I am the clerk of this court, not a party of this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this court as set forth above, and by then sealing said envelopes and depositing same, with postage fully pre-paid thereon, in the United States Mail at Redwood City, California.

Date: 6/5/2018

Rodina M. Catalano,
Court Executive Officer/Clerk

By: _____

Mirna Rivera-Martinez,
Deputy Clerk

Copies mailed to:

BRIAN J ROBBINS
600 B STREET
SUITE 1900
SAN DIEGO CA 92101

SUM-100

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

RIPPLE LABS INC., XRP II, LLC, BRADLEY GARLINGHOUSE,
and DOES 1-25, Inclusive

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):

VLADI ZAKINOV, Individually and on Behalf of All Others Similarly
Situated

POR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ENDORSED FILED
SAN MATEO COUNTY

JUN 05 2018

Clerk of the Superior Court
By MIRNA P. RIVERA-MARTINEZ
DEPUTY CLERK

NOTICE: You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form. If you want the court to hear your case, there may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. (AVISO) Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte puede desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): Superior Court of San Mateo County
400 County Center
Redwood City, CA 94063

CASE NUMBER:
(Número del Caso):

18CV02845

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
Brian J. Robbins, ROBBINS ARROYO LLP, 600 B Street, Suite 1900, San Diego, CA 92101; (619) 525-3990

RODINA M. CATALANO

Clerk, by
(Secretario)

MIRNA P. RIVERA-MARTINEZ

Deputy
(Adjunto)

DATE:

(Fecha)

JUN 05 2018

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

(SEAL)

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☒ on behalf of (specify): Ripple Labs Inc.

- under: ☒ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):

4. ☒ by personal delivery on (date): 6-6-18

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Brian J. Robbins (190264) ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 TELEPHONE NO.: (619) 525-3990 FAX NO.: (619) 525-3991 ATTORNEY FOR (Name): Plaintiff Vladi Zakinov		FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY JUN 05 2018 Clerk of the Superior Court By <u>MIRNA P. RIVERA-MARTINEZ</u> DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME: Hall of Justice and Records		
CASE NAME: Zakinov v. Ripple Labs Inc., et al.		
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)	Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)		CASE NUMBER: 18CV02845 JUDGE: DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (38) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
--	--	--

2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input checked="" type="checkbox"/> Large number of witnesses |
| b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): Two
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: June 5, 2018
 Brian J. Robbins

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) *(If the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)*

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability *(not asbestos or toxic/environmental)* (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) *(not civil harassment)* (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice *(not medical or legal)*
Other Non-PI/PD/WD Tort (35)
Employment
Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract *(not unlawful detainer or wrongful eviction)*
Contract/Warranty Breach—Seller Plaintiff *(not fraud or negligence)*
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage *(not provisionally complex)* (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property *(not eminent domain, landlord/tenant, or foreclosure)*

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) *(if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)*

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims *(arising from provisionally complex case type listed above)* (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment *(non-domestic relations)*
Sister State Judgment
Administrative Agency Award *(not unpaid taxes)*
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint *(not specified above)* (42)
Declaratory Relief Only
Injunctive Relief Only *(non-harassment)*
Mechanics Lien
Other Commercial Complaint Case *(non-tort/non-complex)*
Other Civil Complaint *(non-tort/non-complex)*

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition *(not specified above)* (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

Attorney or Party without Attorney (Name/Address) Brian J. Robbins ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 State Bar No.: 190264 Attorney for: Plaintiff Vladi Zakinov	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY JUN 05 2018 Clerk of the Superior Court By <u>MIRNA P. RIVERA-MARTINEZ</u> DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063	
Plaintiff Vladi Zakinov	
Defendant Ripple Labs Inc., et al.	Case Number 18C1V02845

This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation

- In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case ~~box 1 not a complex case~~ because at least one or more of the following boxes has been checked:

 - ☒ Box 1 – Case type that is best described as being ~~provisionally~~ provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
 - ☒ Box 2 – Complex ~~provisionally~~ due to factors requiring exceptional judicial management
 - ☒ Box 5 – Is ~~provisionally~~ a class action suit.
- This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision];

This case is provisionally complex as it involves securities claims. In addition, it is
being designated complex due to the large number of parties/witnesses, the
complexity of factual and/or legal issues, and because certification of a putative
class will be pursued.

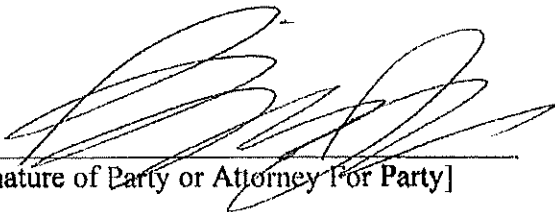
(attach additional pages if necessary)

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation ~~for a complex case or counter-designation~~ being made in the attached Civil Case Cover Sheet.

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: June 5, 2018

Brian J. Robbins
[Type or Print Name]


[Signature of Party or Attorney for Party]

NOTICE OF CASE MANAGEMENT CONFERENCE

ENDORSED FILED
SAN MATEO COUNTYCase No: 18CIV02845

JUN 05 2018

Date: OCT. 04 2018Clark of the Superior Court
By MIRNA P. RIVERA-MARTINEZ
DEPUTY CLERK

Time 9:00 a.m.

Dept. 21 --on Tuesday & Thursday
Dept. _____ --on Wednesday & Friday

You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:

- Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
- Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
- File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
- Meet and confer, in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.

2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.

- Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
- Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
- If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
- You are further ordered to appear in person* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
- The Case Management Judge will issue orders at the conclusion of the conference that may include:
 - Referring parties to voluntary ADR and setting an ADR completion date;
 - Dismissing or severing claims or parties;
 - Setting a trial date.
- The Case Management Judge may be the trial judge in this case.

For further information regarding case management policies and procedures, see the court's website at: www.sanmateocourt.org

*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

1 ROBBINS ARROYO LLP
 BRIAN J. ROBBINS (190264)
 2 STEPHEN J. ODDO (174828)
 ERIC M. CARRINO (310765)
 3 600 B Street, Suite 1900
 San Diego, CA 92101
 4 Telephone: (619) 525-3990
 Facsimile: (619) 525-3991
 5 E-mail: brobbins@robbinsarroyo.com
 soddo@robbinsarroyo.com
 6 ecarrino@robbinsarroyo.com

7 Attorneys for Plaintiff

8 [Additional Counsel on Signature Page]

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SAN MATEO

11 VLADI ZAKINOV, Individually and on
 12 Behalf of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 RIPPLE LABS INC.,
 XRP II, LLC,
 16 BRADLEY GARLINGHOUSE, and
 DOES 1-25, Inclusive,

17 Defendants.

ENDORSED FILED
SAN MATEO COUNTY

JUN 05 2018

Clerk of the Superior Court
 By MIRNA P. RIVERA-MARTINEZ
 DEPUTY CLERK

Case No.

18C1V02845

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
 CALIFORNIA CORPORATIONS CODE

DEMAND FOR JURY TRIAL

FILE BY FAX

1. Plaintiff, individually and on behalf of all others similarly situated, by his undersigned attorneys, alleges the following based upon personal knowledge as to plaintiff and plaintiff's own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff's attorneys, which included, among other things, a review of media and reports about the Company and Company press releases against defendants Ripple Labs Inc. ("Ripple" or the "Company"), its wholly owned subsidiary XRP II, LLC ("XRP II"), and Ripple's Chief Executive Officer, Bradley Garlinghouse ("Garlinghouse"). Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

2. Plaintiff brings this class action on behalf of all California citizens who purchased or otherwise acquired Ripple tokens ("XRP") issued and sold by defendants.

3. XRP, despite its name as a "token," is actually a security under California law. In particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures; (ii) the Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiff and the Class (as defined herein) are effectively powerless to control the success of Ripple and XRP; and (iv) plaintiff and the Class members' investment is substantially at risk and is without any security.

4. As a result, defendants were required to register XRP when offering or selling it. They did not. Instead, they made a series of improper statements which drove up the price of XRP, allowing defendants to obtain greater returns on their XRP sales.

5. This Court has jurisdiction over the causes of action asserted herein pursuant to the California Constitution, Article VI, section 10, because this case is a cause not given by statute to other trial courts.

1 6. The violations of law complained of herein occurred in California and in large
2 part in this County. More, certain of the defendants reside in San Mateo County.

3 7. This Court has personal jurisdiction over each of the defendants named herein
4 because they conduct business, were citizens of, or took steps to conduct the initial coin offering
5 ("ICO") in California.

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8. Venue is proper because the defendants' wrongful acts arose in and emanated from, at least in part, this County. The violations of law complained of herein occurred in this County. Further, certain of the defendants live in or conduct business in this County.

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9 9. This Court also has personal jurisdiction over Defendants because they reside or
10 have their principal places of business in California.

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11 THE PARTIES

12 | Plaintiff

13 10. Plaintiff Vladi Zakinov is a citizen of California. Plaintiff purchased XRP in
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15 Defendants

11. Defendant Ripple is a corporation with principal executive offices located at 315 Montgomery Street, 2nd Floor, San Francisco, California. Ripple operates RippleNet, a global payments network based on blockchain technology. Through RippleNet, banks and payment providers can use the digital asset XRP to process, clear, and settle financial transactions in real-time worldwide.

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21 12. Defendant XRP II is a limited liability company and a wholly owned subsidiary
22 of Ripple. Its principal place of business is in San Francisco, California. XRP II sold XRP and
23 solicited the purchases of XRP from plaintiff and the Class for its own benefit and the benefit of
24 its parent, Ripple, and its executives and owners, such as defendant Garlinghouse

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13. Defendant Garlinghouse is Ripple's Chief Executive Officer and has been since January 2017 and a director and has been since at least July 2017. Defendant Garlinghouse was also Ripple's President and Chief Operating Officer from April 2015 to December 2016. Defendant Garlinghouse is a California citizen and a resident of San Mateo County.

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1 14. The true names and capacities of defendants sued herein under California Code of
2 Civil Procedure section 474 as Does 1 through 25, inclusive, are presently not known to plaintiff,
3 who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this
4 complaint and include these Doe defendants' true names and capacities when they are
5 ascertained. Each of the fictitiously named defendants is responsible in some manner for the
6 conduct alleged herein and for the injuries suffered by the Class.

7 **RIPPLE INDISCRIMINATELY OFFERS XRP TO THE PUBLIC**
8 **AT LARGE, WHICH PLAINTIFF AND THE CLASS INVESTED**
9 **IN WITH AN EXPECTATION OF PROFIT**

10 15. Ripple sells XRP through exchanges and directly to investors. The Company lists
11 the various exchanges on which investors can purchase XRP on its website, and for some
12 provides step by step purchasing directions.

13 16. Plaintiff and the Class invested fiat and other digital currencies, such as Bitcoin
14 and Ethereum, to purchase XRP.

15 17. Plaintiff used Ethereum to purchase XRP. In particular, plaintiff purchased 162
16 XRP at \$1.4337 and 57 XRP at \$1.365 on January 11, 2017, and 299 XRP at a price of \$1.0923
17 on January 27, 2018. Plaintiff has not sold any of his XRP.

18 18. Plaintiff and the Class invested in XRP with the expectation that XRP would
19 increase in value and result in a profit. As explained below, defendants have promoted XRP and
20 conflated the value of XRP with its other software efforts.

21 **RIPPLE USES PLAINTIFF AND THE CLASS MEMBERS' UNSECURED PASSIVE**
22 **INVESTMENTS TO FUND THE COMMON ENTERPRISE**

23 19. Ripple concedes that it "sells XRP to fund its operations and promote the
24 network. This allows Ripple [] to have a spectacularly skilled team to develop[] and promote the
25 Ripple protocol and network." Ripple sold nearly \$92 million worth of XRP in the fourth quarter
26 of 2017 alone. On information and belief, the sale of XRP substantial dwarfs any other source of
27 revenue for the Company.

20. In addition, plaintiff and the Class members' investment is entirely passive. Plaintiff and the Class have⁶ no ability to control the direction of the Company or the development of the XRP Ledger (described in more detail below). Rather, it is through the efforts of defendants that plaintiff expected to make a profit on his investment. In particular, the efforts of defendants to maintain and push the adoption of XRP and the XRP Ledger, of which they have near complete control, is explained below.

21. Plaintiff and the Class members' investment in XRP is unsecured and at risk of loss at all times, largely depending on defendants' actions. If defendants fail to create an adequate market for XRP, inadequately or incorrectly manage the XRP Ledger, or there is a loss of confidence in Ripple's management by the general market, plaintiff and the Class members' investment in XRP will likely lose money.

**THE VALUE OF XRP IS DERIVED FROM DEFENDANTS' EFFORTS
ON BEHALF OF THE COMMON ENTERPRISE**

XRP's Value Is a Result of Defendants' Efforts

Defendants Control Both the Supply of XRP in the Market and the XRP Ledger

22. Since its creation, defendants have focused on how to create, maintain, and increase the value of XRP. First, they focused on limiting the supply of XRP while also increasing its usage. Defendants created all 100 billion XRP at one time. XRP is currently the third largest coin by market capitalization, with a market capitalization of approximately \$24 billion.

23. Ripple provided its founders with twenty billion XRP and held onto the rest. defendants' plan was to sell the other eighty billion XRP in basically a never ending ICO. In particular, Ripple put fifty-five billion XRP into an escrow account and has the ability to sell up to one billion XRP a month.

24. Ripple's control over XRP's supply is different than other popular cryptocurrencies, such as Bitcoin. One of the hallmarks of a cryptocurrency is that control of the currency is supposedly "decentralized." In contrast to a governmental system, where, for example in the United States, the Federal Reserve system controls the supply of currency,

1 cryptocurrencies work through distributed ledger technology, which has no central administrator
2 or centralized data storage. It is the ledger of a cryptocurrency that can record transactions
3 between two parties. This instant creation of the XRP security, which its set cap, stands in stark
4 contrast to other well-known cryptocurrencies, such as Bitcoin, which are constantly being
5 "mined."¹

6 25. Ripple created and continues to work on the XRP Ledger, in which XRP's
7 adoption and value depends. The XRP Ledger, as opposed to Bitcoin, is not decentralized, as
8 Ripple basically admits. The Company has a multiple page explanation on "The XRP Ledger
9 Consensus Process" on its website. There, Ripple explains how the "nodes" of the network share
10 information about candidate transactions, which validates the transactions. Unlike Bitcoin or
11 Ethereum, which is open to the world, the XRP Ledger nodes "evaluate proposals from a specific
12 set of peers, called chosen validators [also known as Unidug Node Lists ("UNLs)]." These
13 UNLs are chosen by Ripple itself based on what it deems "trusted," meaning nodes that will not
14 collude.

15 26. In its long discussion of the XRP Ledger Consensus Process, Ripple never calls
16 XRP decentralized, though it does confusingly say the ledger consists of "distributed" servers.
17 Rather, it claims to have come up with a plan "to increase decentralization and ensure that no
18 single entity has operational control of the XRP Ledger." While the XRP Ledger could one day
19 be decentralized, it is not currently. Instead, Ripple admits that "Beyond our work on
20 decentralization, we have also focused on refining and improving the XRP Ledger Consensus
21 Protocol, the algorithm underlying the XRP Ledger."

22 27. On February 6, 2018, BitMEX ran an article titled "The Ripple Story," in the
23 wake of XRP's substantial increase in value. In short, the researchers found that "the default
24 behaviour of Rippled nodes effectively hands full control over updating the ledger to the
25 Ripple.com server" and that "More significant than the disputes is the fact that the Ripple system
26

27 ¹ Mining is when transactions are verified and added to the public ledger, known as a blockchain,
28 as a means through which new bitcoin are released.

1 appears for all practical purposes to be centralised and is therefore perhaps devoid of any
2 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
3 have...."

4 28. BitMEX explained in reasoning that led it to conclude that the XRP Ledger is
5 centralized:

6 In January 2018, the BitMEX Research team installed and ran a copy of Rippled
7 for the purpose of this report. The node operated by downloading a list of five
8 public keys from the server v1.ripple.com, as the screenshot below shows. All
9 five keys are assigned to Ripple.com. The software indicates that four of the five
10 keys are required to support a proposal in order for it to be accepted. Since the
11 keys were all downloaded from the Ripple.com server, Ripple is essentially in
12 complete control of moving the ledger forward, so one could say that the system
is centralised. Indeed, our node indicates that the keys expire on 1 February 2018
(just a few days after the screenshot), implying the software will need to visit
Ripple.com's server again to download a new set of keys.

13 29. Further, Ripple publishes a quarterly report detailing its efforts grow the "XRP
14 ecosystem." In its report for the second quarter of 2017, the Company admitted that it continues
15 to work on the XRP Ledger. In particular, it stated, "[m]ost importantly, we are accelerating the
16 pace of *our investment* in the XRP Ledger to build on its speed, uptime, and scalability, to
17 ensure XRP is the most trusted enterprise-grade digital asset."

18 30. Thus, defendants control both the supply of XRP and the ledger on which it is
19 based.

20 **Defendants' Efforts to Market and Increase the Value of XRP**

21 31. In addition, defendants control the value of XRP by continuously touting it in the
22 press and obscuring the role of the security. In the press release announcing the formation of the
23 escrow account, Ripple stated that:

24 [The] move underscores Ripple's commitment to building XRP liquidity and a
25 healthy and trusted market. Long term, the value of digital assets will be
26 determined by their utility. XRP has emerged as the only digital asset with a clear
27 intuitional use case designed to solve a multitrillion-dollar problem—the global
28 payment and liquidity challenges that banks, payment providers and corporates
face.

1 32. Discussing the escrow account, defendant Garlinghouse stated that, "Our goal in
2 distributing XRP is to incentivize actions that build trust, utility and liquidity. We engage in
3 distribution strategies that we expect will result in a strengthening XRP exchange rate against
4 other currencies." Defendant Garlinghouse continued:

5 [W]e have heard concerns in the market about uncertainty surrounding our
6 ongoing XRP distribution. The root of this uncertainty is the notion that Ripple
7 might one day sell its 61.68B XRP in the market at any time—a scenario that
8 would be bad for Ripple! Our self-interest is aligned with building and
maintaining a healthy XRP market.

9 33. In addition to limiting supply of XRP, defendants also attempted to build demand
10 for the security by aggressively marketing it. Ripple's website contains a page on "How to Buy
11 XRP," which has links to various exchanges on which a person can buy XRP and even a "How
12 to" on certain of those pages.

13 34. There is also a page on Ripple's website dedicated to XRP's market performance.
14 The page boldly stated that the Company is "committed to the long term health and stability of
15 XRP markets." The page also displays Ripple's market capitalization and the value of each XRP
16 security in U.S. Dollars.

17 35. Defendants have also conflated the Company's software products with XRP in
18 order to increase the value of XRP. Ripple develops software for financial institutions and
19 payment providers that attempt, among other things, to minimize liquidity costs, known as
20 xCurrent, xRapid, and xVia. xCurrent is "Ripple's enterprise software solution that enables
21 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks
22 message each other in real-time to confirm payment details prior to initiating the transaction and
23 to confirm delivery once it settles." xVia "is for corporates, payment providers and banks who
24 want to send payments across various networks using a standard interface." Neither xCurrent
25 nor xVia require the use of XRP.²

26 _____
27 ² The only product that actually needs XRP is xRapid. xRapid is supposedly "for payment
28 providers and other financial institutions who want to minimize liquidity costs while improving
their customer experience. Because payments into emerging markets often require pre-funded

1 36. For instance, on June 28, 2017, defendant Garlinghouse participated in an
2 interview on CNBC. During the interview, defendant Garlinghouse discussed why XRP was "a
3 more stable digital asset." In among other things, defendant Garlinghouse highlighted the
4 payment technology that Ripple was working on. In doing so, defendant Garlinghouse again
5 conflated the value of XRP with software Ripple was developing. To make matters worse,
6 Ripple then retweeted a portion of that interview that was originally tweeted by the CNBC
7 reporter.

8 37. During a Bloomberg News Network interview, defendant Garlinghouse stated that
9 "the reason why XRP has performed so well this year, we're solving a real problem, it's a
10 multitrillion-dollar problem around cross-border payments. There is a lot of friction, its very
11 slow its expensive, we're working with the institutions to deliver on that, so people have gotten
12 excited. We now have over 100 customers we've announced publicly." This discussion, of
13 course, conflated XRP, the security, with the customers using Ripple's products. Defendant
14 Garlinghouse doubled down on this confusion later in the interview, stating "at the end of the day
15 the value of digital assets will be driven by their utility. If they are solving a real problem, and
16 that problem has scale, and that problem, you know there is real value there, then there will be
17 demand for the tokens and the price will go up. For XRP we have seen because *it's required*, it's
18 something that can really reduce the friction, and we're talking about a multitrillion-dollar
19 problem in how cross-border payments flow. And so, I think if you drive real utility, yes there's
20 going to be demand for that." "XRP is up 100x this year, and I think it's because the problem we
21 are solving people realize is a real problem, it's a big problem."

22 38. Articles about Ripple's software products often cause a rise in the price of XRP,
23 even though the two are not linked. Defendants have fostered this confusion through their own
24 statements and "retweets." For instance, on May 3, 2017, Ripple quote tweeted an article from
25 Nasdaq.com, stating "Ripple adoption is sparking interested in XRP, 'which had an impressive
26

27 local currency accounts around the world, liquidity costs are high. xRapid dramatically lowers
28 the capital requirements for liquidity."

1 rally in the last two months." The quoted article discussed how financial institutions were
 2 adopting Ripple's software products, which "in turn, has sparked interest in Ripple's digital
 3 currency." Instead of explaining the difference, defendants, in quote tweeting the article,
 4 continued to give off the incorrect impression about the link between the products and security.

5 39. Similarly, on May 16, 2017, Ripple tweeted a quote from an article about XRP's
 6 market capitalization, stating; "The appeal that Ripple has towards traditional financial
 7 institutions is a big advantage it has over Bitcoin." However, this article confused Ripple's
 8 software solutions with the value of XRP, a confusion fostered by Ripple's quoted tweet.

9 40. Defendants fought back against articles and writers that attempted to unlink XRP
 10 from Ripple's other products. On January 4, 2018, *The New York Times* published an article by
 11 Nathaniel Popper ("Popper") titled: "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival
 12 Zuckerberg."

13 41. Popper tweeted a follow-up about his article, stating, "over the last day, I've asked
 14 several people close to banks if banks are indeed planning to begin using Ripple's token, XRP, in
 15 a serious way, which is what investors seem to assume when they buy in at the current XRP
 16 prices. This is a sampling of what I heard back:

- 17 • Actual use of XRP by banks is not something I've heard about, I find the
 18 run up absolutely baffling, as do all the blockchain folks I know at large
 FIs.
- 19 • XRP isn't used for anything. The hope is that someday it will be by banks,
 20 but there really aren't banks signaling that yet.
- 21 • I would be surprised if there have been any real bank to bank transactions
 22 done with it (outside of maybe test transactions), despite people making
 claims to the contrary.
- 23 • It's not clear to me why XRP would be used by banks at all. XRP could
 24 potentially be adopted by consumers as a payment rail, although they don't
 yet have meaningful traction in that regard.
- 25 • I haven't seen a sufficiently large catalyst in the fundamentals of Ripple to
 26 justify a greater than 10x move in the price of \$XRP over the last month.
- 27 • In a few years we're going to look back on 2017 and think WTF were we
 28 thinking."

1 42. Defendant Garlinghouse responded by tweeting: "Over the last few months I've
2 spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid
3 (our XRP liquidity product) in a serious way...." Ripple's XRP product manager, tweeted: "Do
4 you think I left #Bitcoin and joined @Ripple to build bank software? Think again. \$XRP."

5 43. Accordingly, as shown above, the defendants acted on behalf of the common
6 enterprise, with the expectation of increase the value of XRP, and thus causing a profit.

7 **CLASS ACTION ALLEGATIONS**

8 44. Plaintiff brings this class action individually and on behalf of all California
9 citizens who purchased or otherwise acquired XRP from January 1, 2013 to the present (the
10 "Class"). Excluded from the Class are defendants and their families, the officers and directors
11 and affiliates of defendants, at all relevant times, members of their immediate families and their
12 legal representatives, heirs, successors, or assigns, and any entity in which defendants have or
13 had a controlling interest.

14 45. The members of the Class are so numerous that joinder of all members is
15 impracticable. While the exact number of Class members is unknown to plaintiff at this time and
16 can only be ascertained through appropriate discovery, plaintiff believes that there are thousands
17 of members in the proposed Class. XRP owners and other members of the Class may be
18 identified from records maintained by Ripple and may be notified of the pendency of this action
19 by mail, using the form of notice similar to that customarily used in class actions.

20 46. Plaintiff's claims are typical of the claims of the members of the Class, as all
21 members of the Class are similarly affected by defendants' wrongful conduct, as complained of
22 herein.

23 47. Plaintiff will fairly and adequately protect the interests of the members of the
24 Class and has retained counsel competent and experienced in class and securities litigation.

25 48. There are no unique defenses that may be asserted against plaintiff individually,
26 as distinguished from the other members of the Class. Plaintiff has no interest that is in conflict
27 with, or is antagonistic to, the interests of the members of the Class, and has no conflict with any
28

1 other members of the Class. Plaintiff has retained competent counsel experienced in securities,
2 consumer protection, and Class action litigation to represent himself and the Class.

3 49. Common questions of law and fact exist as to all members of the Class and
4 predominate over any questions solely affecting individual members of the Class. Among the
5 questions of law and fact common to the Class are:

- 6 (a) whether XRP are securities;
- 7 (b) whether defendants violated the California Corporations Code; and
- 8 (c) to what extent the members of the Class have sustained damages and the
9 proper measure of damages.

10 50. A class action is superior to all other available methods for the fair and efficient
11 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
12 the damages suffered by individual Class members may be relatively small, the expense and
13 burden of individual litigation make it impossible for members of the Class to individually
14 redress the wrongs done to them. There will be no difficulty in the management of this action as
15 a class action.

16 **FIRST CAUSE OF ACTION**

17 **Against All Defendants and Does 1-25 for the Unregistered Offer and Sale of 18 Securities in Violation of California Corporations Code Sections 25110 and 25503**

19 51. Plaintiff incorporates by reference and realleges each and every allegation
20 contained above, as though fully set forth herein.

21 52. This Cause of Action is brought pursuant to California Corporations Code
22 sections 25110 and 25503, on behalf of the Class, against all defendants.

23 53. XRP are securities within the meaning of the California Corporations Code.

24 54. No registration statements have been filed with any state or federal government
25 entity or have been in effect with respect to any of the offerings alleged herein.

26 55. Defendants and each of them, by engaging in the conduct described above within
27 California, directly or indirectly, sold and offered to sell the unregistered securities.
28

1 56. Plaintiff and members of the Class purchased XRP securities from defendants.

2 57. By reason of the foregoing, each of the defendants have violated sections and
3 25110 and 25503 of the California Corporations Code.

4 58. As a direct and proximate result of defendants' unregistered sale of securities,
5 plaintiff and members of the Class have suffered damages in connection with their respective
6 purchases of XRP securities.

7 **SECOND CAUSE OF ACTION**

8 **Against Defendants Ripple, Garlinghouse, and Does 1-25**
9 **for Violation of Section 25504 of the California Corporations Code**

10 59. Plaintiff incorporates by reference and realleges each and every allegation
11 contained above, as though fully set forth herein.

12 60. This Cause of Action is brought pursuant to California Corporations Code
13 section 25504, on behalf of the Class, against all defendants.

14 61. Defendants Ripple and Garlinghouse were control persons within the meaning of
15 section 25504 of the California Corporations Code. In particular, defendant Ripple was a control
16 person by virtue of agency and ownership of XRP II. Defendant Garlinghouse was a control
17 person by virtue of his position as an officer of Ripple and/or authorized representative of the
18 other defendants. Defendants Ripple and Garlinghouse each had the power and influence and
19 exercised the same to cause the unlawful offer and sale of XRP securities as described herein.

20 62. Defendants Ripple and Garlinghouse, separately or together, have sufficient
21 influence to have caused XRP II and/or Ripple to submit a registration statement.

22 63. Defendants Ripple and Garlinghouse, separately or together, jointly participated
23 in, and/or aided and abetted, XRP II and/or Ripple failure to register XRP.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, plaintiff demands judgment on his behalf and that of the Class as
26 follows:

27 A. Under section 382 of the California Code of Civil Procedure, certifying this as a
28 Class action, appointing plaintiff as a Class representative under California Rule of Court 3.764,

1 and appointing plaintiff's counsel as Class counsel;

2 B. Awarding damages in favor of plaintiff and the Class against all defendants,
3 jointly and severally, in an amount to be proven at trial, including interest thereon;

4 C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in
5 this action, including counsel fees and expert fees;

6 D. Awarding rescission or a rescissory measure of damages; and

7 E. Awarding equitable, injunctive or other relief, including disgorgement or
8 restitution, as deemed appropriate by the Court.

9 **JURY DEMAND**

10 Plaintiff demands trial by jury.

11 Dated: June 5, 2018

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APPROPRIATE DISPUTE RESOLUTION INFORMATION SHEET

SUPERIOR COURT OF CALIFORNIA, SAN MATEO COUNTY

In addition to the court provided voluntary and mandatory settlement conferences, this court has established, in partnership with the community and Bar Association, the Multi-Option ADR Project. Recognizing that many civil disputes can be resolved without the time and expense of traditional civil litigation, the San Mateo County Superior Court encourages the parties in civil cases to explore and pursue the use of Appropriate Dispute Resolution

WHAT IS APPROPRIATE DISPUTE RESOLUTION?

Appropriate Dispute Resolution (ADR) is the general term applied to a wide variety of dispute resolution processes which are alternatives to lawsuits. Types of ADR processes include arbitration, mediation, neutral evaluation, mini-trials, settlement conferences, private judging, negotiation, and hybrids of these processes. All ADR processes offer a partial or complete alternative to traditional court litigation for resolving disputes.

WHAT ARE THE ADVANTAGES OF USING ADR?

ADR can have a number of advantages over traditional court litigation.

- **ADR can save time.** Even in a complex case, a dispute can be resolved through ADR in a matter of months or weeks, while a lawsuit can take years.
- **ADR can save money.** By producing earlier settlements, ADR can save parties and courts money that might otherwise be spent on litigation costs (attorney's fees and court expenses).
- **ADR provides more participation.** Parties have more opportunity with ADR to express their own interests and concerns, while litigation focuses exclusively on the parties' legal rights and responsibilities.
- **ADR provides more control and flexibility.** Parties can choose the ADR process most appropriate for their particular situation and that will best serve their particular needs.
- **ADR can reduce stress and provide greater satisfaction.** ADR encourages cooperation and communication, while discouraging the adversarial atmosphere found in litigation. Surveys of disputants who have gone through ADR have found that satisfaction with ADR is generally high, especially among those with extensive ADR experience.

Arbitration, Mediation, and Neutral Evaluation

Although there are many different types of ADR processes, the forms most commonly used to resolve disputes in California State courts are Arbitration, Mediation and Neutral Evaluation. The Multi-Option ADR Project a partnership of the Court, Bar and Community offers pre-screened panelists with specialized experience and training in each of these areas.

Arbitration: An arbitrator hears evidence presented by the parties, makes legal rulings, determines facts and makes an arbitration award. Arbitration awards may be entered as

judgments in accordance with the agreement of the parties or, where there is no agreement, in accordance with California statutes. Arbitrations can be binding or non-binding, as agreed by the parties in writing.

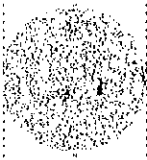
Mediation: Mediation is a voluntary, informal, confidential process in which the mediator, a neutral third party, facilitates settlement negotiations. The mediator improves communication by and among the parties, helps parties clarify facts, identify legal issues, explore options and arrive at a mutually acceptable resolution of the dispute.

Neutral Evaluation: Involves presentations to a neutral third party with subject matter expertise who may render an opinion about the case the strengths and weaknesses of the positions, the potential verdict regarding liability, and a possible range for damages.

CIVIL ADR PROCEDURES FOR THE SAN MATEO COUNTY SUPERIOR COURT

- Upon filing a Complaint, the Plaintiff will receive this **information sheet** from the Superior Court Clerk. Plaintiff is expected to include this information sheet when he or she **serves the Complaint** on the Defendant.
- All parties to the dispute may voluntarily agree to take the matter to an ADR process. A stipulation is provided here. Parties chose and contact their own ADR provider. A Panelist List is available online.
- If the parties have not agreed to use an ADR process, an initial Case Management Conference ("CMC") will be scheduled within 120 days of the filing of the Complaint. An **original and copy of the Case Management Conference Statement must be completed and provided to the court clerk no later than 15 days prior to the scheduled conference.** The San Mateo County Superior Court Case Management Judges will strongly encourage all parties and their counsel to consider and utilize ADR procedures and/or to meet with the ADR director and staff where appropriate.
- If the parties voluntarily agree to ADR, the parties will be required to sign and file a **Stipulation and Order to ADR.**
- A timely filing of a stipulation (at least 10 days prior to the CMC) will cause a notice to vacate the CMC. ADR stipulated cases (other than judicial arbitration) will be continued for further ADR/Case Management status review in 90 days. If the case is resolved through ADR, the status review date may be vacated if the court receives a dismissal or judgment. The court may upon review of case information suggest to parties an ADR referral to discuss matters related to case management, discovery and ADR.
- Any ADR Services shall be paid for by the parties pursuant to a separate ADR fee agreement. The ADR Director may screen appropriate cases for financial aid where a party is indigent.
- Local Court Rules require your cooperation in evaluating the ADR Project and will expect a brief evaluation form to be completed and submitted **within 10 days of completion of the process.**

You can find ADR forms on the ADR webpage: www.sanmateocourt.org/adr. For more information contact the Multi-Option ADR Project at (650) 261-5075 or 261-5076.



SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO
 MULTI OPTION ADR PROJECT
 HALL OF JUSTICE AND RECORDS
 400 COUNTY CENTER
 REDWOOD CITY, CALIFORNIA 94063

ADR Stipulation and Evaluation Instructions

In accordance with *Local Rule 2.3(i)(3)*, all parties going to ADR must complete a Stipulation and Order to ADR and file it with the Clerk of the Superior Court. The Office of the Clerk is located at:

Clerk of the Superior Court, Civil Division
 Attention: Case Management Conference Clerk
 Superior Court of California, County of San Mateo
 400 County Center
 Redwood City, CA 94063-1655

There is no filing fee for filing the stipulation. An incomplete stipulation will be returned to the parties by the Clerk's Office. All stipulations must include the following:

- ☐ Original signatures for all attorneys (and/or parties in pro per);
- ☐ The name of the neutral;
- ☐ Date of the ADR session; and
- ☐ Service List (Counsel need not serve the stipulation on parties).

Parties mutually agree on a neutral and schedule ADR sessions directly with the neutral. If parties would like a copy of the court's Civil ADR Program Panelist List and information sheets on individual panelists, they may visit the court's website at www.sanmateocourt.org/adr.

If Filing the Stipulation Prior to an Initial Case Management Conference

To stipulate to ADR prior to the initial case management conference, parties must file a completed stipulation at least 10 days before the scheduled case management conference. The clerk will send notice of a new case management conference date approximately 90 days from the current date to allow time for the ADR process to be completed.

If Filing Stipulation Following a Case Management Conference

When parties come to an agreement at a case management conference to utilize ADR, they have 21 days from the date of the case management conference to file a Stipulation and Order to ADR with the court [*Local Rule 2.3(i)(3)*].

Post-ADR Session Evaluations

Local Rule 2.3(i)(5) requires submission of post-ADR session evaluations within 10 days of completion of the ADR process. Evaluations are to be filled out by both attorneys and clients. A copy of the Evaluation By Attorneys and Client Evaluation are attached to the Civil ADR Program Panelist List or can be downloaded from the court's web site.

Non-Binding Judicial Arbitration

Names and dates are not needed for stipulations to judicial arbitration. The Judicial Arbitration Administrator will send a list of names to parties once a stipulation has been submitted.

For further information regarding San Mateo Superior Court's Civil ADR and Judicial Arbitration Programs, visit the Court's website at www.sanmateocourt.org/adr or contact the ADR offices at (650) 261-5075 or (650) 261-5076.

Attorney or Party without Attorney (Name, Address, Telephone, Fax, State Bar membership number):	Court Use Only
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO Hall of Justice and Records 400 County Center Redwood City, CA 94063-1655 (650) 363-4711	
Plaintiff(s):	Case number:
Defendant(s):	Current CMC Date:

STIPULATION AND ORDER TO APPROPRIATE DISPUTE RESOLUTION

Plaintiff will file this stipulation with the Clerk's Office 10 days prior to or 3 weeks following the first Case Management Conference unless directed otherwise by the Court and ADR Director [*Local Rule 2.3(i)(3)*]. Please attach a Service List.

The parties hereby stipulate that all claims in this action shall be submitted to (select one):

- ☐ Voluntary Mediation
 ☐ Binding Arbitration (private)
 ☐ Neutral Evaluation
 ☐ Settlement Conference (private)
 ☐ Non-Binding Judicial Arbitration CCP 1141.12
 ☐ Summary Jury Trial
 ☐ Other: _____

Case Type: _____

Neutral's name and telephone number: _____ Date of session: _____

(Required for continuance of CMC except for non-binding judicial arbitration)

Identify by name the parties to attend ADR session: _____

Original Signatures

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

Type or print name of ☐ Party without attorney ☐ Attorney for
☐ Plaintiff/Petitioner ☐ Defendant/Respondent/Contestant

 (Signature)
 Attorney or Party without attorney

IT IS SO ORDERED:

Date: _____

 Judge of the Superior Court of San Mateo County

CM-110

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): TELEPHONE NO.: _____ FAX NO. (Optional): _____ E-MAIL ADDRESS (Optional): _____ ATTORNEY FOR (Name): _____	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____ STREET ADDRESS: _____ MAILING ADDRESS: _____ CITY AND ZIP CODE: _____ BRANCH NAME: _____	
PLAINTIFF/PETITIONER: _____ DEFENDANT/RESPONDENT: _____	
CASE MANAGEMENT STATEMENT (Check one): <input type="checkbox"/> UNLIMITED CASE (Amount demanded exceeds \$25,000) <input type="checkbox"/> LIMITED CASE (Amount demanded is \$25,000 or less)	
CASE NUMBER: _____	
A CASE MANAGEMENT CONFERENCE is scheduled as follows: Date: _____ Time: _____ Dept.: _____ Div.: _____ Room: _____ Address of court (if different from the address above): _____ <input type="checkbox"/> Notice of Intent to Appear by Telephone, by (name): _____	

INSTRUCTIONS: All applicable boxes must be checked, and the specified information must be provided.

1. **Party or parties (answer one):**
 - a. ☐ This statement is submitted by party (name):
 - b. ☐ This statement is submitted jointly by parties (names):
2. **Complaint and cross-complaint (to be answered by plaintiffs and cross-complainants only)**
 - a. The complaint was filed on (date):
 - b. ☐ The cross-complaint, if any, was filed on (date):
3. **Service (to be answered by plaintiffs and cross-complainants only)**
 - a. ☐ All parties named in the complaint and cross-complaint have been served, have appeared, or have been dismissed.
 - b. ☐ The following parties named in the complaint or cross-complaint
 - (1) ☐ have not been served (specify names and explain why not):
 - (2) ☐ have been served but have not appeared and have not been dismissed (specify names):
 - (3) ☐ have had a default entered against them (specify names):
 - c. ☐ The following additional parties may be added (specify names, nature of involvement in case, and date by which they may be served):
4. **Description of case**
 - a. Type of case in ☐ complaint ☐ cross-complaint (Describe, including causes of action):

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PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

4. b. Provide a brief statement of the case, including any damages. *(If personal injury damages are sought, specify the injury and damages claimed, including medical expenses to date [indicate source and amount], estimated future medical expenses, lost earnings to date, and estimated future lost earnings. If equitable relief is sought, describe the nature of the relief.)*

☐ *(If more space is needed, check this box and attach a page designated as Attachment 4b.)*

5. **Jury or nonjury trial**

The party or parties request ☐ a jury trial ☐ a nonjury trial. *(If more than one party, provide the name of each party requesting a jury trial):*

6. **Trial date**

a. ☐ The trial has been set for (date):

b. ☐ No trial date has been set. This case will be ready for trial within 12 months of the date of the filing of the complaint (if not, explain):

c. Dates on which parties or attorneys will not be available for trial (specify dates and explain reasons for unavailability):

7. **Estimated length of trial**

The party or parties estimate that the trial will take (check one):

a. ☐ days (specify number):

b. ☐ hours (short causes) (specify):

8. **Trial representation (to be answered for each party)**

The party or parties will be represented at trial ☐ by the attorney or party listed in the caption ☐ by the following:

a. Attorney:

b. Firm:

c. Address:

d. Telephone number:

f. Fax number:

e. E-mail address:

g. Party represented:

☐ Additional representation is described in Attachment 8.

9. **Preference**

☐ This case is entitled to preference (specify code section):

10. **Alternative dispute resolution (ADR)**

a. **ADR information package.** Please note that different ADR processes are available in different courts and communities; read the ADR information package provided by the court under rule 3.221 for information about the processes available through the court and community programs in this case.

(1) For parties represented by counsel: Counsel ☐ has ☐ has not provided the ADR information package identified in rule 3.221 to the client and reviewed ADR options with the client.

(2) For self-represented parties: Party ☐ has ☐ has not reviewed the ADR information package identified in rule 3.221.

b. **Referral to judicial arbitration or civil action mediation (if available).**

(1) ☐ This matter is subject to mandatory judicial arbitration under Code of Civil Procedure section 1141.11 or to civil action mediation under Code of Civil Procedure section 1775.3 because the amount in controversy does not exceed the statutory limit.

(2) ☐ Plaintiff elects to refer this case to judicial arbitration and agrees to limit recovery to the amount specified in Code of Civil Procedure section 1141.11.

(3) ☐ This case is exempt from judicial arbitration under rule 3.811 of the California Rules of Court or from civil action mediation under Code of Civil Procedure section 1775 et seq. (specify exemption):

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PLAINTIFF/PETITIONER: DEFENDANT/RESPONDENT:	CASE NUMBER:
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10. c. Indicate the ADR process or processes that the party or parties are willing to participate in, have agreed to participate in, or have already participated in (*check all that apply and provide the specified information*):

	The party or parties completing this form are willing to participate in the following ADR processes (<i>check all that apply</i>):	If the party or parties completing this form in the case have agreed to participate in or have already completed an ADR process or processes, indicate the status of the processes (<i>attach a copy of the parties' ADR stipulation</i>):
(1) Mediation	<input type="checkbox"/>	<input type="checkbox"/> Mediation session not yet scheduled <input type="checkbox"/> Mediation session scheduled for (date): <input type="checkbox"/> Agreed to complete mediation by (date): <input type="checkbox"/> Mediation completed on (date):
(2) Settlement conference	<input type="checkbox"/>	<input type="checkbox"/> Settlement conference not yet scheduled <input type="checkbox"/> Settlement conference scheduled for (date): <input type="checkbox"/> Agreed to complete settlement conference by (date): <input type="checkbox"/> Settlement conference completed on (date):
(3) Neutral evaluation	<input type="checkbox"/>	<input type="checkbox"/> Neutral evaluation not yet scheduled <input type="checkbox"/> Neutral evaluation scheduled for (date): <input type="checkbox"/> Agreed to complete neutral evaluation by (date): <input type="checkbox"/> Neutral evaluation completed on (date):
(4) Nonbinding judicial arbitration	<input type="checkbox"/>	<input type="checkbox"/> Judicial arbitration not yet scheduled <input type="checkbox"/> Judicial arbitration scheduled for (date): <input type="checkbox"/> Agreed to complete judicial arbitration by (date): <input type="checkbox"/> Judicial arbitration completed on (date):
(5) Binding private arbitration	<input type="checkbox"/>	<input type="checkbox"/> Private arbitration not yet scheduled <input type="checkbox"/> Private arbitration scheduled for (date): <input type="checkbox"/> Agreed to complete private arbitration by (date): <input type="checkbox"/> Private arbitration completed on (date):
(6) Other (<i>specify</i>):	<input type="checkbox"/>	<input type="checkbox"/> ADR session not yet scheduled <input type="checkbox"/> ADR session scheduled for (date): <input type="checkbox"/> Agreed to complete ADR session by (date): <input type="checkbox"/> ADR completed on (date):

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PLAINTIFF/PETITIONER:	CASE NUMBER:
DEFENDANT/RESPONDENT:	

11. Insurance

- a. ☐ Insurance carrier, if any, for party filing this statement (*name*):
- b. Reservation of rights: ☐ Yes ☐ No
- c. ☐ Coverage issues will significantly affect resolution of this case (*explain*):

12. Jurisdiction

Indicate any matters that may affect the court's jurisdiction or processing of this case and describe the status.

☐ Bankruptcy ☐ Other (*specify*):

Status:

13. Related cases, consolidation, and coordination

- a. ☐ There are companion, underlying, or related cases.
- (1) Name of case:
- (2) Name of court:
- (3) Case number:
- (4) Status:
- ☐ Additional cases are described in Attachment 13a.
- b. ☐ A motion to ☐ consolidate ☐ coordinate will be filed by (*name party*):

14. Bifurcation

- ☐ The party or parties intend to file a motion for an order bifurcating, severing, or coordinating the following issues or causes of action (*specify moving party, type of motion, and reasons*):

15. Other motions

- ☐ The party or parties expect to file the following motions before trial (*specify moving party, type of motion, and issues*):

16. Discovery

- a. ☐ The party or parties have completed all discovery.
- b. ☐ The following discovery will be completed by the date specified (*describe all anticipated discovery*):
- | <u>Party</u> | <u>Description</u> | <u>Date</u> |
|--------------|--------------------|-------------|
|--------------|--------------------|-------------|

- c. ☐ The following discovery issues, including issues regarding the discovery of electronically stored information, are anticipated (*specify*):

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PLAINTIFF/PETITIONER: _____	CASE NUMBER: _____
DEFENDANT/RESPONDENT: _____	

17. Economic litigation

- a. ☐ This is a limited civil case (i.e., the amount demanded is \$25,000 or less) and the economic litigation procedures in Code of Civil Procedure sections 90-98 will apply to this case.
- b. ☐ This is a limited civil case and a motion to withdraw the case from the economic litigation procedures or for additional discovery will be filed (if checked, explain specifically why economic litigation procedures relating to discovery or trial should not apply to this case):

18. Other issues

- ☐ The party or parties request that the following additional matters be considered or determined at the case management conference (specify):

19. Meet and confer

- a. ☐ The party or parties have met and conferred with all parties on all subjects required by rule 3.724 of the California Rules of Court (if not, explain):
- b. After meeting and conferring as required by rule 3.724 of the California Rules of Court, the parties agree on the following (specify):

20. Total number of pages attached (if any): _____

I am completely familiar with this case and will be fully prepared to discuss the status of discovery and alternative dispute resolution, as well as other issues raised by this statement, and will possess the authority to enter into stipulations on these issues at the time of the case management conference, including the written authority of the party where required.

Date:

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

☐ Additional signatures are attached.

Attorney or Party without Attorney: Brian J. Robbins, Esq., Bar #190264 Robbins Arroyo LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone No: 619-525-3990 FAX No: 619-525-3991				For Court Use Only	
Attorney for: Plaintiff					
Insert name of Court, and Judicial District and Branch Court: San Mateo County Superior Court					
Plaintiff: Vladi Zakinov, et al. Defendant: Ripple Labs, Inc., et al.					
AFFIDAVIT OF SERVICE Summons; Complaint		Hearing Date:	Time:	Dept/Div:	Case Number: 18CIV02845

- At the time of service I was at least 18 years of age and not a party to this action.
- I served copies of the Summons; Class Action Complaint; Civil Case Cover Sheet; Certificate re Complex Case Designation; Notice of Case Management Conference; ADR Information Sheet; ADR Stipulation and Evaluation Instructions; Case Management Statement (blank)
- Party served: XRP II, LLC
 - Person served: Jane Doe, Service of Process Intake Clerk, Caucasian, Female, 50 Years Old, Brown Hair, 5 Feet 4 Inches, 145 Pounds
- Address where the party was served: Corporation Service Company
80 State Street
Albany, NY 12207
- I served the party:
 - by personal service. I personally delivered the documents listed in item 2 to the party or person authorized to receive process for the party (1) on: Wed., Jun. 06, 2018 (2) at: 3:25PM
- The "Notice to the Person Served" (on the Summons) was completed as follows:
 on behalf of: XRP II, LLC
 Other: limited liability company
- Person Who Served Papers:
 - Mary M. Bonville
 - Class Action Research & Litigation
P O Box 740
Penryn, CA 95663
(916) 663-2562, FAX (916) 663-4955

Fee for Service:

I Declare under penalty of perjury under the laws of the State of NEW YORK that the foregoing is true and correct.

(Date)

(Signature)



- STATE OF NEW YORK, COUNTY OF Albany
 Subscribed and sworn to (or affirmed) before me on this 11TH day of JUNE by Mary M. Bonville
 proved to me on the basis of satisfactory evidence to be the person who appeared before me.

VERA B. RAY

Notary Public - State of New York
 Albany County No. 01RA6133233
 Commission Expires on 09-12-2021

AFFIDAVIT OF SERVICE
Summons; Complaint

(Notary Signature)

brrob.178991



ENDORSED FILED
SAN MATEO COUNTY

JUN 27 2018

Clerk of the Superior Court
 By: COLLEEN LANGSJOEN
 Deputy Clerk

File By Fax

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Attorneys for Defendants
 Ripple Labs Inc., XRP II, LLC, and Bradley
 Garlinghouse

(additional counsel on next page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 FOR THE COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually And On
 Behalf Of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., et al.,

Defendants.

CASE NO.: 18CIV02845

STIPULATION AND [PROPOSED]
 ORDER EXTENDING TIME TO
 RESPOND TO COMPLAINT

STIPULATION AND [PROPOSED] ORDER EXTENDING TIME TO RESPOND TO COMPLAINT

1 (continued from previous page)

2 BRIAN J. ROBBINS (SBN 190264)

brobbins@robbinsarroyo.com

3 STEPHEN J. ODDO (SBN 174828)

soddo@robbinsarroyo.com

4 ERIC M. CARRINO (SBN 310765)

ecarrino@robbinsarroyo.com

5 ROBBINS ARROYO LLP

600 B Street, Suite 1900

6 San Diego, CA 92101

Telephone: (619) 525-3990

7 Facsimile: (619) 525-3991

8 Attorneys for Plaintiff

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1 WHEREAS, Plaintiff Vladi Zakinov filed the complaint against Defendants Ripple Labs
2 Inc. ("Ripple"), XRP II, LLC ("XRP II"), and Bradley Garlinghouse (collectively, "Defendants")
3 in the above-captioned action on June 5, 2018;

4 WHEREAS Ripple was sub-served with the complaint on June 6, 2018, making Ripple's
5 response to the complaint due on July 16, 2018;

6 WHEREAS XRP II was served with the complaint on June 6, 2018, making XRP II's
7 response to the complaint due on July 6, 2018;

8 WHEREAS, on June 18, 2018, counsel for the Defendants agreed to accepted service of the
9 complaint on behalf of Mr. Garlinghouse, making Mr. Garlinghouse's response to the complaint
10 due on July 18, 2018;

11 WHEREAS, this action is provisionally complex because it involves a putative class action
12 and asserts securities claims;

13 WHEREAS, a Complex Case Status Conference is scheduled in this action for August 8,
14 2018 at 9:00 a.m., at which it will be decided whether the case is complex and should be assigned
15 to a single judge for all purposes;

16 WHEREAS, the parties wish to (i) provide Defendants a uniform date to respond to the
17 complaint and (ii) ensure that, if this action is designated complex and assigned to a single judge
18 for all purposes, any motion or responsive pleading Defendants file in response to the complaint
19 will be heard before that judge;

20 THEREFORE, subject to Court approval, IT IS HEREBY STIPULATED AND AGREED,
21 by and between the attorneys for the undersigned parties, as follows:

22 1. The time for Defendants to answer, plead, or otherwise respond to the complaint is
23 extended to September 7, 2018.

24 2. Nothing herein shall be deemed to constitute a waiver of any rights, claims,
25 defenses, motions, or objections that a party may have or make with respect to jurisdiction, venue
26 and/or the claims set forth in this action.

27 //

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1
2 DATED: 6/22/2018

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP

3
4 By: Peter B. Morrison *by A. Chen*

Peter B. Morrison
Attorneys for Defendants
Ripple Labs Inc., XRP II, LLC, Bradley
Garlinghouse

5
6
7 DATED: 6/22/2018

ROBBINS ARROYO LLP

8
9 By: Stephen J. Oddo *by A. Chen*

Stephen J. Oddo
Attorneys for Plaintiff

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., et al.,

Defendants.

CASE NO.: 18CIV02845

~~PROPOSED~~ ORDER EXTENDING TIME
TO RESPOND TO COMPLAINT


1 The Court, having reviewed the stipulation of the parties, and good cause appearing, hereby
2 orders as follows:

3 1. The time for Defendants to answer, plead, or otherwise respond to the complaint is
4 extended to September 7, 2018.

5 2. Nothing herein shall be deemed to constitute a waiver of any rights, claims,
6 defenses, motions, or objections that a party may have or make with respect to jurisdiction, venue
7 and/or the claims set forth in this action.

8 IT IS SO ORDERED.

9 DATED: JUN 26 2018


SAN MATEO COUNTY SUPERIOR COURT

PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 300 S. Grand Avenue, Los Angeles, California 90071. My email address is nandi.berglund@skadden.com.

On June 22, 2018 I served the foregoing documents described as:

STIPULATION AND [PROPOSED] ORDER EXTENDING TIME TO RESPOND TO COMPLAINT

on the interested party in this action addressed as follows:

BRIAN J. ROBBINS
brobbins@robbsarroyo.com
STEPHEN J. ODDO
soddo@robbsarroyo.com
ERIC M. CARRINO
ecarrino@robbsarroyo.com
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Facsimile: (619) 525-3991

Attorneys for Plaintiff

MARY JO WHITE
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New York, New York 10022
Telephone: (212) 909-6000
Facsimile: (212) 909-6836

Attorneys for Defendants
Ripple Labs Inc., XRP II, LLC, and Bradley
Garlinghouse

☒ (BY FEDERAL EXPRESS) I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same day in the ordinary course of business; on this date, the above-referenced document was placed for deposit at Los Angeles, California and placed for collection and delivery following ordinary business practices.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 22, 2018 at Los Angeles, California.

Nandi Berglund
PRINT NAME


SIGNATURE



SUPERIOR COURT OF SAN MATEO COUNTY

400 County Center, Redwood City, CA 94063

(650) 261-5100

www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 8/8/2018

In the Matter of: VLADI ZAKINOV vs. RIPPLE LABS INC., et al

Case No.: 18-CIV-02845A

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) **ORDER DESIGNATING MATTER COMPLEX & ASSIGNING CASE FOR ALL PURPOSES**, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 8/8/2018

Rodina M. Catalano, Court Executive Officer/Clerk

By: _____

Alexandrina Ortega, Deputy Clerk


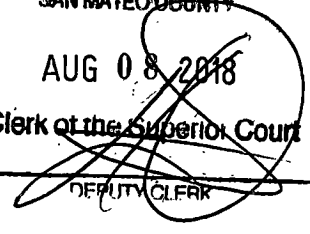
Copies Mailed To:

BRIAN J. ROBBINS
600 B STREET, SUITE 1900
SAN DIEGO, CA 92101

PETER B. MORRISON
300 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CA 90071

18 - CIV - 02845
AFM
Affidavit of Mailing
1309379



	<p align="center">SUPERIOR COURT OF SAN MATEO COUNTY 400 County Center, Redwood City, CA 94063 www.sanmateocourt.org</p>	<p align="center">FOR COURT USE ONLY</p> <p align="center">FILED SAN MATEO COUNTY</p> <p align="center">AUG 08 2018</p> <p align="center">Clerk of the Superior Court</p> <p>By  DEPUTY CLERK</p>
PLAINTIFF: VLADI ZAKINOV	DEFENDANT: RIPPLE LABS INC.; XRP II, LLC; BRADLEY GARLINGHOUSE; DOES 1-25, INCLUSIVE	
CLERK'S NOTICE OF FEES DUE COMPLEX LITIGATION DESIGNATION		CASE NUMBER: 18-CIV-02845

PARTY INFORMATION:

BRIAN J. ROBBINS
600 B STREET, SUITE 1900
SAN DIEGO, CA 92101

PETER B. MORRISON
300 SOUTH GRAND AVENUE
LOS ANGELES, CA 90071- 3144

18 - CIV - 02845
FDCL
Clerk's Notice of Fees Due Complex Litigation t
1309278

**COUNSEL (FOR PRO/PER) INFORMATION:**

BRIAN J ROBBINS 600 B STREET SUITE 1900 SAN DIEGO CA 92101

PETER B. MORRISON 300 SOUTH GRAND AVENUE LOS ANGELES, CA 90071- 3144

You are hereby notified that the court has designed your case as a complex case. Pursuant to Government Code section 70616 you are required to pay the following fees:

Plaintiff(s): A single complex case fee of \$1,000 shall be paid on behalf of all plaintiffs, either filing separately or jointly to be paid at the same time as designated in Government Code section 70616(a).

Defendant(s): A complex case fee of \$1,000 shall be paid by each defendant, intervenor, respondent, or adverse party, whether filing separately or jointly, up to the total complex fees collected from all defendants, intervenors, respondents, or other adverse parties appearing not to exceed \$18,000. These fees are to be paid at the time as designated in Govt.C. §70616(b). (Govt.C. §7 0616(b) and (d))

You are required to bring this notice to the clerk's office, civil division, and deposit the required fee within the statutory time period of 10 days from the date indicated on this Notice. Failure to pay the required fee will result in a delay of your case as provided for under Government Code section 70616 and the Code of Civil Procedure section 411.20.

Please disregard this notice if you have paid this fee prior to receipt of this Notice. If you paid this fee more than 10 days ago, please contact the Clerk's Office at (650) 261-5100.

You are required to bring this worksheet to the clerk's office as directed, and deposit the required fees and you are to

present your receipt to the courtroom clerk as proof of payment. Failure to pay the required fess could result in a delay of your case.

Date: 8/8/2018

Rodina M. Catalano, Court Executive Officer/Clerk

CLERK'S CERTIFICATE OF MAILING

I hereby certify that I am the clerk of this Court, not a party to this cause; that I served a copy of this notice on the below date, by pplacing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this Court and by then sealing said envelopes and depositing same, with postage fully rep-paid thereon, in the United States Mail at Redwood City California.

Date: 8/8/2018

By: 

Alexandrina Ortega, Courtroom Clerk

**SUPERIOR COURT OF SAN MATEO COUNTY**

400 County Center 1050 Mission Road
 Redwood City, CA 94063 South San Francisco, CA 94080
 www.sanmateocourt.org

Minute Order**VLADI ZAKINOV vs. RIPPLE LABS INC., et al**

18-CIV-02845

08/08/2018 9:00 AM

Complex Case Status

Conference

Hearing Result: Held**Judicial Officer:** Foiles, Robert D**Location:** Courtroom 2J**Courtroom Clerk:** Alexandrina Ortega**Courtroom Reporter:** Chris Perez

Parties Present

Exhibits

MinutesJournals

- No appearance by any parties herein or their counsel of record.

(Case called at 9:12 am)

Tentative ruling adopted and becomes order:

This matter is provisionally deemed and designated as COMPLEX and is assigned to Judge Marie S. Weiner, Department 2, for all purposes. The parties are directed to contact Judge Weiner's Department at 650-261-5102 to set a date for future status conferences or other hearings.

If the tentative ruling is uncontested, it shall become the order of the Court, pursuant to Rule 3.1308(a)(1), adopted by Local Rule 3.10, effective immediately, and no formal order pursuant to Rule 3.1312 or any other notice is required as the tentative ruling affords sufficient notice to the parties.

** **

Case Events

- Case deemed complex litigation

OthersComments:

Future Hearings and Vacated Hearings

October 04, 2018 9:00 AM Case Management Conference
 Case Management Conferences, -



FILED
SAN MATEO COUNTY

AUG 08 2018

Clerk of the Superior Court

By  DEPUTY CLERK

**IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO**

VLADI ZAKINOV

Plaintiff,

vs.

RIPPLE LABS INC., ETAL.

Defendants.

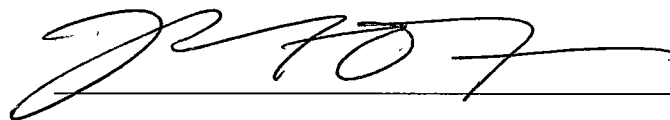
Case No. 18-CIV-02845

**ORDER DESIGNATING MATTER
COMPLEX & ASSIGNING CASE
FOR ALL PURPOSES**

On August 8, 2018 this matter was set for Complex Case Status Conference. The Tentative ruling by Judge Foiles was adopted and ordered as follows:

This matter is provisionally deemed and designated as complex, and is assigned to Department 2, the Honorable Marie S. Weiner, for all purposes. The parties are directed to contact Judge Weiner's Department at (650) 261-5102 to set a date for future status conference or other hearing.

Dated: 8/8/18



ROBERT D FOILES
Presiding Judge of the Superior Court

18-CIV-02845
ODCC
Order Designating Case as Complex
1309376





SUPERIOR COURT OF SAN MATEO COUNTY

Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 8/9/2018

In the Matter of: VLADI ZAKINOV vs. RIPPLE LABS INC., et al
Case No.: 18-CIV-02845

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) Case Management Order #1 and Order For Permissive E-Filing, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

See Attached Service List.

Executed on: 8/9/2018

Rodina M. Catalano, Court Executive Officer/Clerk

By: _____

Sandra Harris, Deputy Clerk



SERVICE LIST
Zakinov v. Ripple Labs, Class Action 18CIV02845
As of August 2018

Attorneys for Plaintiff:

BRIAN ROBBINS
STEPHEN ODDO
ERIC CARRINO
ROBBINS ARROYO LLP
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San Diego, CA 92101
(619) 525-3990

Attorneys for Defendants:

PETER MORRISON
VIRGINIA MILSTEAD
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300 South Grand Avenue
Los Angeles, CA 90071-3144
(213) 687-5000

JOHN NEUKOM
SKADDEN ARPS SLATE MEAGHER & FLOM LLP
525 University Avenue, Suite 1400
Palo Alto, CA 94301
(650) 470-4500

MARY JO WHITE
ANDREW CERESNEY
DEBEVOISE & PLIMPTON LLP
919 Third Avenue
New York City, NY 10022
(212) 909-6000

FILED
SAN MATEO COUNTY

AUG 09 2018

Clerk of the Superior Court
By  DEPUTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

COMPLEX CIVIL LITIGATION

VLADI ZAKINOV, individually and on
behalf of all others similarly situated,

Case No. 18CIV02845
CLASS ACTION

Plaintiffs,

Assigned for all purposes to Dept. 2
Hon. Marie S. Weiner

vs.

RIPPLE LABS INC.; XRP II LLC;
BRADLEY GARLINGHOUSE; and
Does 1-25, Inclusive,

**CASE MANAGEMENT ORDER #1
and ORDER FOR PERMISSIVE
E-FILING**

Defendants.

Pursuant to Order of the Acting Presiding Judge on August 8, 2018, designating this putative class action as “complex” and assigning this complex action for all purposes to the Honorable Marie S. Weiner in Department 2 of this Court,

IT IS HEREBY ORDERED as follows:

1. All pleadings, motions, applications, briefs, and any and all other papers in this case shall be filed with (and related filing fees paid to) the Civil Clerk’s Office located in the Hall of Justice, First Floor, Room A, 400 County Center, Redwood City,



California. **One extra copy of any such filing shall be (1) electronically served upon Department 2 at email address complexcivil@sanmateocourt.org or (2) stamped “Judge’s Copy” and delivered by overnight or first class mail directly to Department 2** located at Courtroom 2E, 400 County Center, Redwood City, California 94063. **DO NOT LEAVE THE JUDGE’S COPY WITH THE CLERK’S OFFICE. PLEASE ADD DEPARTMENT 2 TO YOUR E-SERVICE OR MAILING SERVICE LIST IN THE CASE AS TO ANY AND ALL PAPERS FILED WITH THE COURT.** All motions and briefs shall conform with the California Rules of Court, especially Rule 3.1113, and indicate on the caption page that this matter is assigned for all purposes to Department 2. **DO NOT FAX COPIES OR CORRESPONDENCE TO DEPARTMENT 2, AS THERE IS NO DEDICATED FAX LINE FOR THE CIVIL COMPLEX DEPARTMENT.**

2. As to any and all motions or other matters requiring a hearing, the hearing date shall be obtained *directly* from and approved by Department 2 at **(650) 261-5102** (and *not* with the Civil Clerk’s Office nor with the Research Attorney), ***prior*** to filing of the moving papers or other initial filings.

3. Pursuant to Section 1010.6(b) of the Code of Civil Procedure, Rule 2.253(a) of the California Rules of Court, and San Mateo County Superior Court Local Rule 2.1.5, all documents in Complex Civil actions (other than the original documents specified below) may be filed electronically. The document (other than exhibits) must be text searchable. Please visit www.sanmateocourt.org for further information on e-filing. **Please note that exhibits to any electronically filed briefs, declarations or other documents must be electronically “bookmarked” as required by CRC Rule 3.1110(f)(4)**

4. Until further order of the Court, the following original documents must still be filed/lodged in hardcopy paper:

Ex Parte Motions and Oppositions thereto

Stipulation and Proposed Order

Request for Dismissal

Proposed Judgments

Abstract of Judgment

Default Judgment

Appeal Documents

Administrative Records

5. Proposed Orders should be e-filed with the motion or stipulation to which it relates in conformity with CRC Rule 3.1312(c). You must also email an editable version of the Proposed Order in Word format (not PDF) to complexcivil@sanmateocourt.org so that the judge can modify it prior to signing, if needed.

6. Correspondence to Department 2, such as discovery letter briefs, requests to take matters off calendar, and requests for rescheduling, regarding actions assigned to the Complex Civil Department may be submitted electronically, rather than paper, by e-mail addressed to complexcivil@sanmateocourt.org. All e-correspondence **must be sent in at least 12 point type**. This email address is for the Complex Civil Litigation Department to *receive* correspondence, and is not a venue for back-and-forth communications with the judge. Communications to this email address are *not* part of the official court files – just like a paper letter, they are not “filed” documents – and will be retained for at least 30 days and then be subject to deletion (destruction) thereafter.

7. All communications to the complexcivil@sanmateocourt.org email address MUST include in the header “subject line” the **Case Number and Name of Case** (e.g., CIV 654321 *Smith v. Jones*).

8. *Ex parte* applications in this matter shall heard by Department 2, **on Tuesdays and Thursday between 2:00 p.m. and 3:30 p.m.**, and the parties are required to meet the requirements of CRC Rule 3.120 *et seq.* With the consent of counsel for *all* parties, telephone conferences on *simple* interim case management matters may be scheduled with the Court for a mutually convenient time and date – with the scheduling and logistics of such telephone conferences to be the responsibility of the requesting party/parties.

9. As to any discovery motions, the parties are relieved of the statutory obligation under CRC Rule 3.1345, and thus need *not* file a separate statement – instead the subject discovery requests (or deposition questions) and written responses (or deposition answers or objections) must be attached to the supporting declaration on the discovery motion.

10. Given the nature of this case, the Court views document production and depositions as the most effective means of discovery for adjudication. Accordingly, no party may propound more than 35 special interrogatories *total* and no party may propound more than 35 requests for admissions (other than as to the authenticity of documents) *total*, without prior court order after demonstration of need and a showing that other means of discovery would be less efficient.

11. In regard to all discovery disputes, counsel for the parties (and any involved third parties) shall meet and confer on any and all discovery disputes and, if there are remaining disputes, then counsel for each side shall serve on each other and

mail/deliver *directly* to Department 2 a short letter brief setting forth the dispute and attaching as *tabbed* exhibits to the letter the subject discovery requests and discovery responses (if any). **The discovery letter brief may instead be electronically delivered to Department 2 via email address complexcivil@sanmateocourt.org.** At the time or prior to submitting the letter briefs, counsel for the parties shall also schedule a discovery conference with the Court to occur no sooner than five court days after *delivery* of the last letter brief to the Court, in order to discuss the dispute. **THE DISCOVERY DISPUTE LETTER BRIEFS AND THE DISCOVERY CONFERENCE SHALL BE DONE *WELL PRIOR TO* THE STATUTORY DEADLINES FOR FILING OF ANY MOTION TO COMPEL OR OTHER DISCOVERY MOTION.** No discovery motion may be filed by any party unless and until there is compliance with the requirement of this Order, i.e., (i) substantive meet and confer, (ii) exchange of letter briefs, and (iii) discovery conference with the Court. This requirement does *not* constitute an extension of time for any statutory time period for filing and serving any motion under the Civil Discovery Act.

12. Pursuant to CRC Rule 3.1113(i), the Complex Civil Department, Dept. 2, **does not require any appendix of non-California authorities, unless specifically stated by the Court as to a particular motion.**

13. The Case Management Conference set for October 4, 2018 is VACATED.

14. The Court is aware of the Stipulation and Order granting an extension of time for all Defendants to file and serve their response to the Complaint until September 7, 2018. Accordingly, if the Defendants' response to the Complaint is anything other than an Answer, then the demurrer or other motion regarding the pleadings is set for hearing on **Friday, October 26, 2018 at 2:30 p.m.** in Department 2.

of this Court. Any opposition shall be filed and served on or before **September 28, 2018**.

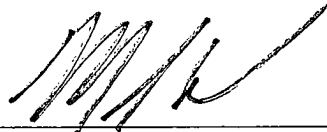
Any reply shall be filed and served on or before **October 19, 2018**.

15. The initial Case Management Conference is set for **Friday, October 26, 2018 at 10:00 a.m.** in Department 2 of this Court, located at Courtroom 2E, 400 County Center, Redwood City, California. Counsel for all parties shall meet and confer on all matters set forth in California Rules of Court Rule 3.750 and Rule 3.724(8).

16. In anticipation of the Case Management Conference, counsel for the parties should be prepared to discuss at the hearing *and* file written case management conference statements (**in prose and details, not using the standardized Judicial Council form**) with a courtesy copy delivered *directly* to Department 2 on or before **October 19, 2018**, as to the following:

- a. Status of Discovery, including the initial production of documents by all parties;
 - b. Status of Settlement or Mediation;
 - c. Conclusions reached after meet and confer on all matters set forth in CRC Rule 3.750 and Rule 3.724(8);
 - d. Any anticipated motions and proposed briefing schedule;
 - e. Setting of next CMC date; and
 - f. Any other matters for which the parties seek Court ruling or scheduling.
17. Discovery is not stayed.

DATED: August 9, 2018



HON. MARIE S. WEINER
JUDGE OF THE SUPERIOR COURT

RECEIVED
SAN MATEO COUNTY
AUG 16 2018
By Clerk of the Superior Court
DEPUTY CLERK

18-CIV-02845
PORCV
Proposed Order Received
1327167



SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

VLADI ZAKINOV Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., et al.,

Defendants.

CASE NO.: 18-CIV-02845

**[PROPOSED] ORDER GRANTING
DEFENDANT'S MOTION AND
PEREMPTORY CHALLENGE TO THE
HONORABLE MARIE S. WEINER
PURSUANT TO CALIFORNIA CODE
OF CIVIL PROCEDURE SECTION
170.6**

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]

1 The Court having considered Defendant Ripple Labs Inc.'s Motion and Peremptory
2 Challenge to the Honorable Marie S. Weiner Pursuant to California Code of Civil Procedure
3 § 170.6, orders as follows:

4 Defendant's peremptory challenge is GRANTED.

5
6 DATED: _____, 2018

7 By: _____
8 The Honorable Susan Irene Etezadi
9 Presiding Judge of San Mateo Superior Court
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1 DEBORAH McCRIMMON (SBN 229769)
2 315 Montgomery St., 2nd Floor
3 San Francisco, CA 94101
4 Telephone: (415) 967-1836
5 dmccrimmon@ripple.com

6 Attorney for Defendant
7 Ripple Labs Inc.

FILED
SAN MATEO COUNTY

AUG 16 2018

Clerk of the Superior Court
By [Signature]
DEPUTY CLERK

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.

CASE NO.: 18-CIV-02845

CLASS ACTION

BY FAX

**DECLARATION OF DEBORAH
McCRIMMON IN SUPPORT OF
DEFENDANT'S MOTION AND
PEREMPTORY CHALLENGE TO THE
HONORABLE MARIE S. WEINER
PURSUANT TO CALIFORNIA CODE
OF CIVIL PROCEDURE SECTION
170.6**

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]

16
17 18 - CIV - 02845
18 DIS
19 Declaration in Support
20 1327157



1 I, Deborah E. McCrimmon, declare as follows:

2 1. I am an attorney duly licensed to practice in the courts of the State of California and
3 have been admitted to this Court. I am Senior Counsel for Defendant Ripple Labs Inc.
4 ("Defendant"). I have personal knowledge of the matters stated herein and, if called upon, I could
5 and would competently testify thereto. I submit this Declaration in support of the Motion and
6 Peremptory Challenge to the Honorable Marie S. Weiner, filed by Defendant pursuant to Section
7 170.6 of the California Code of Civil Procedure.

8 2. This action was filed on June 5, 2018.

9 3. On August 8, 2018, this action was designated as complex and assigned for all
10 purposes to the Honorable Marie S. Weiner, Department 2 of this Court.

11 4. I believe that Judge Weiner is prejudiced against Defendant, or the interests of
12 Defendant, such that Defendant cannot have a fair and impartial trial or hearing before Judge
13 Weiner.

14 5. Pursuant to Section 170.6 of the California Code of Civil Procedure, I request that
15 this case be reassigned to another judicial officer for further proceedings.

16 I declare under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct.

18 Executed August 15, 2018 in San Francisco, California.

19
20 By: 

21 Deborah E. McCrimmon
22 Attorney for Defendant Ripple Labs Inc.
23
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25
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28

1 DEBORAH McCRIMMON (SBN 229769)
2 315 Montgomery St., 2nd Floor
3 San Francisco, CA 94101
4 Telephone: (415) 967-1836
5 dmccrimmon@ripple.com

6 Attorney for Defendant
7 Ripple Labs Inc.

FILED
SAN MATEO COUNTY

AUG 16 2018

Clerk of the Superior Court

By

DEPUTY CLERK

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.

CASE NO.: 18-CIV-02845

CLASS ACTION

BY FAX

(1) DEFENDANT'S MOTION AND
PEREMPTORY CHALLENGE TO THE
HONORABLE MARIE S. WEINER
PURSUANT TO CALIFORNIA CODE
OF CIVIL PROCEDURE SECTION
170.6;

(2) DECLARATION OF DEBORAH
McCRIMMON (filed under separate
cover); and

(3) [PROPOSED] ORDER (lodged under
separate cover).

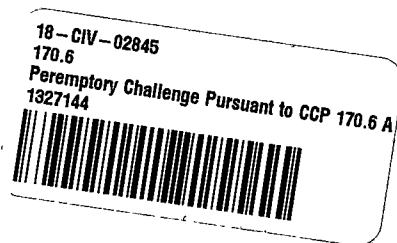
Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018

Trial Date: Not Set

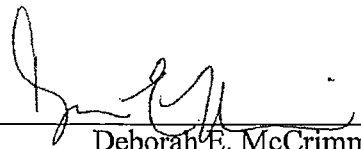
[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]



1 Defendant Ripple Labs Inc. respectfully moves, pursuant to California Code of Civil
2 Procedure Section 170.6, for an order that the Honorable Marie S. Weiner, Judge of the Superior
3 Court assigned for all purposes to the above-captioned matter, be disqualified from hearing any
4 motion or trying any matter in this action, on the grounds set forth in the Declaration of Deborah E.
5 McCrimmon, submitted herewith.

6 DATED: August 16, 2018

7
8
9 By: _____


Deborah E. McCrimmon
Attorney for Defendant Ripple Labs Inc.

1 DEBORAH McCRIMMON (SBN 229769)
315 Montgomery St., 2nd Floor
2 San Francisco, CA 94101
Telephone: (415) 967-1836
3 dmccrimmon@ripple.com

4 Attorney for Defendant
Ripple Labs Inc.
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FILED
SAN MATEO COUNTY
AUG 16 2018

Clerk of the Superior Court
By  DEPUTY CLERK

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.
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CASE NO.: 18-CIV-02845

CLASS ACTION

PROOF OF SERVICE

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]



PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF SANTA CLARA**

I am employed in the county of Santa Clara, State of California. I am over the age of 18 and not a party to the within action; my business address is 4546 El Camino Real #262, Los Altos, CA 94022.

On August 16, 2018, I served the documents described as:

(1) **DEFENDANT'S MOTION AND PEREMPTORY CHALLENGE TO THE HONORABLE MARIE S. WEINER PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 170.6;**

(2) **DECLARATION OF DEBORAH McCRIMMON (filed under separate cover); and**

(3) **[PROPOSED] ORDER (lodged under separate cover).**

on the interested parties in this action addressed as follows:

Honorable Judge Marie S. Weiner
Courtroom 2E
400 Country Center
Redwood City, CA 94063

BRIAN J. ROBBINS
STEPHEN J ODDO
ERIC M. CARRINO
ROBBINS ARROYO LLP
600 B Street, Suite 1900
San Diego, CA 92101

Attorney for Plaintiff Vladi Zakinov

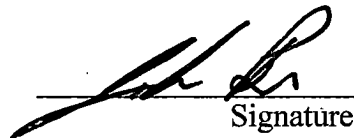
☒ (BY FEDERAL EXPRESS) I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same day in the ordinary course of business; on this date, the above-referenced document was placed for deposit at Palo Alto, California and placed for collection and overnight delivery following ordinary business practices. (AS NOTED)

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 16, 2018, at Palo Alto, California.

JOHN BLISEL

Type or Print Name


Signature

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

VLADI ZAKINOV Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., et al.,

Defendants.

CASE NO.: 18-CIV-02845

**[PROPOSED] ORDER GRANTING
DEFENDANT'S MOTION AND
PEREMPTORY CHALLENGE TO THE
HONORABLE MARIE S. WEINER
PURSUANT TO CALIFORNIA CODE
OF CIVIL PROCEDURE SECTION
170.6**

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]

18 - CIV - 02845
PORCV
Proposed Order Received
1335415



RECEIVED
AUG 17 2018
SUPERIOR COURT
CIVIL DIVISION

1 The Court having considered Defendant Ripple Labs Inc.'s Motion and Peremptory
2 Challenge to the Honorable Marie S. Weiner Pursuant to California Code of Civil Procedure
3 § 170.6, orders as follows:

4 Defendant's peremptory challenge is GRANTED.

5
6 DATED: _____, 2018

By: _____

7 The Honorable Susan Irene Etezadi
8 Presiding Judge of San Mateo Superior Court
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SUPERIOR COURT OF SAN MATEO COUNTY

400 County Center, Redwood City, CA 94063

(650) 261-5100

www.sanmateocourt.org

FILED
SAN MATEO COUNTY

AUG 21 2018

Clerk of the Superior Court

By

DEPUTY CLERK

Date: 8/21/2018

In the Matter of: VLADI ZAKINOV vs. RIPPLE LABS INC., et. al.

Case No.: 18-CIV-02845A

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) ORDER ASSIGNING CASE FOR ALL PURPOSES, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 8/21/2018

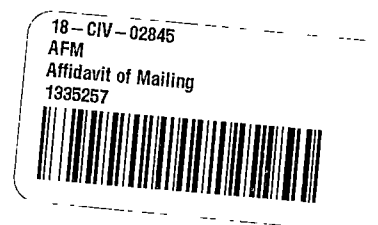
Rodina M. Catalano, Court Executive Officer/Clerk

By:

Marie Perez, CFC II

Copies Mailed To:

See attached list



SERVICE LIST
Zakinov v. Ripple Labs, Class Action 18CIV02845
As of August 2018

Attorneys for Plaintiff:

BRIAN ROBBINS
STEPHEN ODDO
ERIC CARRINO
ROBBINS ARROYO LLP
600 B Street, Suite 1900
San Diego, CA 92101
(619) 525-3990

Attorneys for Defendants:

PETER MORRISON
VIRGINIA MILSTEAD
SKADDEN ARPS SLATE MEAGHER & FLOM LLP
300 South Grand Avenue
Los Angeles, CA 90071-3144
(213) 687-5000

JOHN NEUKOM
SKADDEN ARPS SLATE MEAGHER & FLOM LLP
525 University Avenue, Suite 1400
Palo Alto, CA 94301
(650) 470-4500

MARY JO WHITE
ANDREW CERESNEY
DEBEVOISE & PLIMPTON LLP
919 Third Avenue
New York City, NY 10022
(212) 909-6000

FILED
SAN MATEO COUNTY

AUG 21 2018

Clerk of the Superior Court

By

DEPUTY CLERK

1 DEBORAH McCRIMMON (SBN 229769)
315 Montgomery St., 2nd Floor
2 San Francisco, CA 94101
Telephone: (415) 967-1836
3 dmccrimmon@ripple.com

4 Attorney for Defendant
Ripple Labs Inc.

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.

CASE NO.: 18-CIV-02845

CLASS ACTION

BY FAX

**DECLARATION OF DEBORAH
McCRIMMON IN SUPPORT OF
DEFENDANT'S MOTION AND
PEREMPTORY CHALLENGE TO THE
HONORABLE MARIE S. WEINER
PURSUANT TO CALIFORNIA CODE
OF CIVIL PROCEDURE SECTION
170.6**

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]

18 - CIV - 02845
DIS
Declaration in Support
1335391



FILE
RECEIVED

2018

SEP 11 2018

SEP 11 2018

RECEIVED
AUG 17 2018
SUPERIOR COURT
CIVIL DIVISION

1 I, Deborah E. McCrimmon, declare as follows:

2 1. I am an attorney duly licensed to practice in the courts of the State of California and
3 have been admitted to this Court. I am Senior Counsel for Defendant Ripple Labs Inc.
4 ("Defendant"). I have personal knowledge of the matters stated herein and, if called upon, I could
5 and would competently testify thereto. I submit this Declaration in support of the Motion and
6 Peremptory Challenge to the Honorable Marie S. Weiner, filed by Defendant pursuant to Section
7 170.6 of the California Code of Civil Procedure.

8 2. This action was filed on June 5, 2018.

9 3. On August 8, 2018, this action was designated as complex and assigned for all
10 purposes to the Honorable Marie S. Weiner, Department 2 of this Court.

11 4. I believe that Judge Weiner is prejudiced against Defendant, or the interests of
12 Defendant, such that Defendant cannot have a fair and impartial trial or hearing before Judge
13 Weiner.

14 5. Pursuant to Section 170.6 of the California Code of Civil Procedure, I request that
15 this case be reassigned to another judicial officer for further proceedings.

16 I declare under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct.

18 Executed August 15, 2018 in San Francisco, California.

19
20 By: 

21 Deborah E. McCrimmon
22 Attorney for Defendant Ripple Labs Inc.
23
24
25
26
27
28

FILED
SAN MATEO COUNTY

AUG 21 2018

Clerk of the Superior Court
By [Signature]
DEPUTY CLERK

1 DEBORAH McCRIMMON (SBN 229769)
2 315 Montgomery St., 2nd Floor
3 San Francisco, CA 94101
4 Telephone: (415) 967-1836
5 dmcrimmon@ripple.com

6 Attorney for Defendant
7 Ripple Labs Inc.

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.

CASE NO.: 18-CIV-02845

CLASS ACTION

BY FAX

(1) **DEFENDANT'S MOTION AND PEREMPTORY CHALLENGE TO THE HONORABLE MARIE S. WEINER PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 170.6;**

(2) **DECLARATION OF DEBORAH McCRIMMON (filed under separate cover); and**

(3) **[PROPOSED] ORDER (lodged under separate cover).**

Assigned for all purposes to Hon. Marie S. Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal. Code Civ. Proc. § 170.6(a)(2)]

18 - CIV - 02845
170.6
Peremptory Challenge Pursuant to CCP 170.6 A
1335610



U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA

FILED

U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA

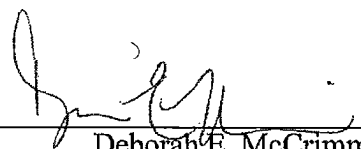
U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA

RECEIVED
AUG 17 2018
SUPERIOR COURT
CIVIL DIVISION

1 Defendant Ripple Labs Inc. respectfully moves, pursuant to California Code of Civil
2 Procedure Section 170.6, for an order that the Honorable Marie S. Weiner, Judge of the Superior
3 Court assigned for all purposes to the above-captioned matter, be disqualified from hearing any
4 motion or trying any matter in this action, on the grounds set forth in the Declaration of Deborah E.
5 McCrimmon, submitted herewith.

6 DATED: August 16, 2018

7
8
9 By: _____


Deborah E. McCrimmon
Attorney for Defendant Ripple Labs Inc.

1 DEBORAH McCRIMMON (SBN 229769)
2 315 Montgomery St., 2nd Floor
3 San Francisco, CA 94101
4 Telephone: (415) 967-1836
5 dmccrimmon@ripple.com

6 Attorney for Defendant
7 Ripple Labs Inc.

FILED
SAN MATEO COUNTY

AUG 21 2018

Clerk of the Superior Court

By [Signature]
DEPUTY CLERK

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN MATEO**

10 VLADI ZAKINOV Individually and on Behalf
11 of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 RIPPLE LABS INC., et al.,

15 Defendants.

CASE NO.: 18-CIV-02845

CLASS ACTION

PROOF OF SERVICE

Assigned for all purposes to Hon. Marie S.
Weiner, Dept. 2

Judge: Hon. Susan Irene Etezadi
Department: 18

Date Action Filed: June 5, 2018
Trial Date: Not Set

[Submitted to the Presiding Judge per Cal.
Code Civ. Proc. § 170.6(a)(2)]

18 - CIV - 02845
PSM1
Proof of Service by MAIL of
1335443



U.S. DISTRICT COURT
DISTRICT OF COLUMBIA
CLERK OF COURT
JULY 11, 2018
U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

RECEIVED
AUG 17 2018
SUPERIOR COURT
CIVIL DIVISION

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA

I am employed in the county of Santa Clara, State of California. I am over the age of 18 and not a party to the within action; my business address is 4546 El Camino Real #262, Los Altos, CA 94022.

On August 16, 2018, I served the documents described as:

(1) DEFENDANT'S MOTION AND PEREMPTORY CHALLENGE TO THE HONORABLE MARIE S. WEINER PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 170.6;

(2) DECLARATION OF DEBORAH McCRIMMON (filed under separate cover); and

(3) [PROPOSED] ORDER (lodged under separate cover).

on the interested parties in this action addressed as follows:

Honorable Judge Marie S. Weiner
Courtroom 2E
400 Country Center
Redwood City, CA 94063

BRIAN J. ROBBINS
STEPHEN J ODDO
ERIC M. CARRINO
ROBBINS ARROYO LLP
600 B Street, Suite 1900
San Diego, CA 92101

Attorney for Plaintiff Vladi Zakinov

☒ (BY FEDERAL EXPRESS) I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same day in the ordinary course of business; on this date, the above-referenced document was placed for deposit at Palo Alto, California and placed for collection and overnight delivery following ordinary business practices. (AS NOTED)

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 16, 2018, at Palo Alto, California.

JOHN BISEL

Type or Print Name


Signature



FILED
SAN MATEO COUNTY

AUG 21 2018

Clerk of the Superior Court

By

DEPUTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

VLADI ZAKINOV, individually and on behalf of all

others similarly situated,

Plaintiff,

vs.

RIPPLE LABS INC., et al.,

Defendants.

Case No. 18CIV02845

**ORDER ASSIGNING CASE FOR
ALL PURPOSES**

Based on the Peremptory Challenge filed on August 16, 2018 by defendant Ripple Labs, Inc. and its counsel disqualifying the Honorable Marie S. Weiner pursuant to Cal. Code Civ. Proc. § 170.6, the above listed matter is reassigned for all purposes to Department 16, the Honorable Richard H. DuBois. The parties are directed to contact Judge DuBois' clerk at (650) 261-5116 to set a case management conference date.

Dated:

AUG 22 2018

Susan Irene Etezadi

Susan I. Etezadi
Presiding Judge of the Superior Court

SUSAN IRENE ETEZADI

18 - CIV - 02845

ORD

Order

1335404



FILED
SAN MATEO COUNTY

AUG 28 2018

Clerk of the Superior Court

By

DEPUTY CLERK

ROBBINS ARROYO LLP
 BRIAN J. ROBBINS (190264)
 STEPHEN J. ODDO (174828)
 ERIC M. CARRINO (310765)
 600 B Street, Suite 1900
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 Telephone: 619/525-3990
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 brobbins@robbinsarroyo.com
 soddo@robbinsarroyo.com
 ecarrino@robbinsarroyo.com

ROBBINS GELLER RUDMAN
 & DOWD LLP
 SHAWN A. WILLIAMS (213113)
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 One Montgomery Street, Suite 1800
 San Francisco, CA 94104
 Telephone: 415/288-4545
 415/288-4534 (fax)
 shawnw@rgrdlaw.com
 - and -
 BRIAN O. O'MARA (229737)
 LUCAS F. OLTS (234843)
 655 West Broadway, Suite 1900
 Telephone: 619/231-1058
 619/231-7423 (fax)
 bomara@rgrdlaw.com
 lolts@rgrdlaw.com

Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

vs.

RIPPLE LABS INC., et al.,

Defendants.

Case No. 18CIV02845

CLASS ACTION

NOTICE OF APPEARANCE OF COUNSEL

Assigned for All Purposes to:
 Hon. Richard H. Dubois, Dept. 16
 Date Action Filed: 06/05/18

18 - CIV - 02845
 NOT
 Notice
 1349414



FILE BY FAX

NOTICE OF APPEARANCE OF COUNSEL

1 TO: THE COURT, ALL PARTIES AND THEIR ATTORNEYS OF RECORD

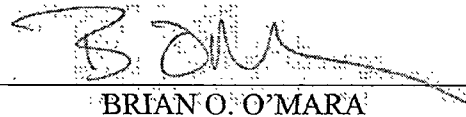
2 PLEASE TAKE NOTICE that the undersigned Brian O. O'Mara of Robbins Geller Rudman &
3 Dowd LLP, hereby appears in Case No. 18CIV02845 as counsel of record for plaintiff Vladi Zakinov.

4 Copies of all pleadings and papers filed in this action should be served on counsel as follows:

5 Brian O. O'Mara
6 bomara@rgrdlaw.com
7 Robbins Geller Rudman & Dowd LLP
8 655 West Broadway, Suite 1900
San Diego, CA 92101-8498
Telephone: 619/231-1058
619/231-7423 (fax)

9 DATED: August 28, 2018

10 ROBBINS GELLER RUDMAN
11 & DOWD LLP
12 BRIAN O. O'MARA
13 LUCAS F. OLTS

14 
15 BRIAN O. O'MARA

16 655 West Broadway, Suite 1900
17 Telephone: 619/231-1058
18 619/231-7423 (fax)

19 ROBBINS GELLER RUDMAN
20 & DOWD LLP
21 SHAWN A. WILLIAMS
22 Post Montgomery Center
23 One Montgomery Street, Suite 1800
24 San Francisco, CA 94104
25 Telephone: 415/288-4545
26 415/288-4534 (fax)

27 ROBBINS ARROYO LLP
28 BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO
600 B Street, Suite 1900
San Diego, CA 92101
Telephone: 619/525-3990
619/525-3991 (fax)

Attorneys for Plaintiff

DECLARATION OF SERVICE BY MAIL

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Mateo, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is Post Montgomery Center, One Montgomery Street, Suite 1800, San Francisco, California 94104.

2. That on August 28, 2018, declarant served the **NOTICE OF APPEARANCE OF COUNSEL** by depositing a true copy thereof in a United States mailbox at San Francisco, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 28, 2018, at San Francisco, California.



ROBBINS ARROYO LLP
 BRIAN J. ROBBINS (190264)
 STEPHEN J. ODDO (174828)
 ERIC M. CARRINO (310765)
 600 B Street, Suite 1900
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 Telephone: (619) 525-3990
 Facsimile: (619) 525-3991
 E-mail: brobbins@robbinsarroyo.com
 soddo@robbinsarroyo.com
 ecarrino@robbinsarroyo.com

Attorneys for Plaintiffs
 Vladi Zakinov and David Oconer

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

DAVID OCONER, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

FILED
SAN MATEO COUNTY

AUG 30 2018

Clerk of the Superior Court
 By DEPUTY CLERK

Case No. 18-CIV-02845

CLASS ACTION

STIPULATION AND [PROPOSED]
 ORDER CONSOLIDATING RELATED
 ACTIONS AND RELATED MATTERS

Judge: Richard H. DuBois

Dept: 16

Date Action Filed: June 5, 2018

Case No. 18-CIV-03332

18 - CIV - 02845
 SO
 Stipulation & Order
 1352929



Judge: Robert D. Foiles

Dept: 21

Date Action Filed: June 27, 2018

FILED
JUL 17 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
AUG 14 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
SAN MATEO COUNTY
AUG 28 2018
Clerk of the Superior Court

1. The above-captioned actions pending in this Court (the "Related Actions") make substantially the same allegations against defendant Ripple Labs Inc. ("Ripple" or the "Company"), XRP II, LLC, and Bradley Garlinghouse.

2. In an effort to assure consistent rulings and decisions and the avoidance of unnecessary duplication of effort, counsel for the respective parties in the Related Actions hereby enter into this Stipulation and [Proposed] Order Consolidating Related Actions and Related Matters (the "Stipulation").

3. Counsel for the parties to this Stipulation include Robbins Arroyo LLP ("Robbins Arroyo") and Robbins Geller Rudman & Dowd LLP ("Robbins Geller") on behalf of plaintiff Vladi Zakinov; Robbins Arroyo on behalf of David Oconer (collectively, "Plaintiffs"); Skadden, Arps, Slate, Meagher & Flom LLP and Debevoise & Plimpton LLP on behalf of defendants Ripple Labs, Inc., XRP II, LLC, and Bradley Garlinghouse (collectively, "Defendants").

4. The parties agree that it would be duplicative and wasteful of the Court's resources for Defendants named in the Related Actions to have to respond to the individual complaints prior to the agreed upon consolidation and in light of the anticipated filing of a consolidated complaint. Therefore, the parties agree that Defendants need not respond to the individual complaints that have already been filed in this Court.

5. On August 8, 2018, the Zakinov action was designated as complex. On August 21, 2018, it was assigned to the Honorable Richard H. DuBois, Department 16, for all purposes. A complex case status conference in the Oconer action is set for August 29, 2018.

CONSOLIDATION

6. The following Related Actions are hereby consolidated for all purposes, including pre-trial proceedings and trial (the "Consolidated Action"):

<u>Abbreviated Case Name</u>	<u>Case Number</u>	<u>Date Filed</u>
<i>Zakinov v. Ripple Labs Inc.</i>	18-CIV-02845	6/5/2018
<i>Oconer v. Ripple Labs Inc.</i>	18-CIV-03332	6/27/2018

1 Every pleading filed in the Consolidated Action, or in any separate action included herein, shall
2 bear the following caption:

3 SUPERIOR COURT OF THE STATE OF CALIFORNIA

4 COUNTY OF SAN MATEO

5 IN RE RIPPLE LABS INC. LITIGATION	)	Lead Case No. 18-CIV-02845
6 _____	)	(Consolidated with Case No. 18-CIV-03332)
7 This Document Relates To:)	
8 ALL ACTIONS.	)	<u>CLASS ACTION</u>
9 _____)	

10 7. The files of the Consolidated Action shall be maintained in one file under Master
11 File No. 18-CIV-02845.

12 8. Plaintiffs shall either designate a complaint as operative or file a Consolidated
13 Complaint ("Consolidated Complaint") within 45 days after entry of this order, unless otherwise
14 agreed upon by the parties. If filed, the Consolidated Complaint shall be the operative
15 complaint and shall supersede all complaints filed in any of the actions consolidated herein.
16 Defendants shall respond to the operative complaint or Consolidated Complaint within 45 days
17 after service, unless otherwise agreed by the parties. In the event that Defendants file any
18 motions directed at the operative complaint or Consolidated Complaint, the opposition and
19 reply briefs shall be filed within 45 and 20 days, respectively, of the motions, unless otherwise
20 agreed upon by the parties. Counsel agrees to confer to select a hearing date.

21 **APPOINTMENT OF A LEADERSHIP STRUCTURE**

22 9. The Plaintiffs agree that Robbins Arroyo and Robbins Geller shall serve as Co-
23 Lead Counsel for Plaintiffs ("Co-Lead Counsel") in the Consolidated Action, and Defendants
24 take no position on the Court's appointment of Co-Lead Counsel for Plaintiffs or the
25 responsibilities assumed by that Co-Lead Counsel.

26 10. Plaintiffs agree that Co-Lead Counsel shall have sole authority to speak for
27 Plaintiffs in matters regarding pre-trial procedure, trial, and settlement and shall make all work
28

1 assignments in such manner as to facilitate the orderly and efficient prosecution of the
2 Consolidated Action and to avoid duplicative or unproductive effort.

3 11. Plaintiffs agree that Co-Lead Counsel shall be responsible for coordinating all
4 activities and appearances on behalf of Plaintiffs. No motion, request for discovery, or other
5 pre-trial or trial proceedings shall be initiated or filed by any Plaintiff except through Co-Lead
6 Counsel.

7 12. Plaintiffs agree that Co-Lead Counsel shall be available and responsible for
8 communications to and from this Court, including distributing orders and other directions from
9 the Court to counsel, and shall be responsible for communication with Defendants' counsel on
10 matters of case administration and scheduling. Co-Lead Counsel shall further be responsible for
11 creating and maintaining a master service list of all parties and their respective counsel.

12 13. Defendants' counsel may rely upon all agreements made with Co-Lead Counsel,
13 or other duly authorized representative of Co-Lead Counsel, and such agreements shall be
14 binding on all Plaintiffs.

15 **RELATED MATTERS**

16 14. This Order shall apply to each case, arising out of the same or similar
17 transactions and/or events as the Related Actions which is currently pending in, subsequently
18 filed in, remanded to, or transferred to this Court.

19 15. When a case which properly belongs as part of the *In re Ripple Labs Inc.*
20 *Litigation*, Lead Case No. 18-CIV-02845, is hereafter or has been filed in, remanded to, or
21 transferred to this Court, counsel for the parties shall call such filing, remand, or transfer to the
22 attention of the clerk of this Court for purposes of moving the Court for an order consolidating
23 such case(s) with *In re Ripple Labs Inc. Litigation*, Lead Case No. 18-CIV-02845. Counsel for
24 the parties will further assist in assuring that counsel for the parties in such subsequent action(s)
25 receive notice of this Order.

1 IT IS SO STIPULATED.

2 DATED: 8/22/18

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO


STEPHEN J. ODDO

600 B Street, Suite 1900
San Diego, CA 92101
Telephone: (619) 525-3990
Facsimile: (619) 525-3991
E-mail: brobbins@robbinsarroyo.com
sodd@robbinsarroyo.com
ecarrino@robbinsarroyo.com

Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiffs Vladi Zakinov and
David Oconer

12 DATED: 8/22/18

ROBBINS GELLER RUDMAN
& DOWD LLP


BRIAN O. O'MARA (229737)

DAVID C. WALTON (167268)
BRIAN E. COCHRAN (286202)
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: (619) 231-1058
Facsimile: (619) 231-7423
E-mail: davew@rgrdlaw.com
bomara@rgrdlaw.com
bcochran@rgrdlaw.com

Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiff Vladi Zakinov

SHAWN A. WILLIAMS (213113)
Post Montgomery Center
One Montgomery Street, Suite 1800
San Francisco, CA 94104
Telephone: (415) 288-4545
Facsimile: (415) 288-4534
E-mail: shawnw@rgrdlaw.com

Additional counsel for Plaintiff Vladi Zakinov

1 DATED:

8/22/18

SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP

Peter Morrison / by permission
SPD

PETER B. MORRISON

Peter B. Morrison
Virginia F. Milstead
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue, Suite 3400
Los Angeles, CA 90071
Telephone: (213) 687-5000
Facsimile: (213) 687-5600
Email: peter.morrison@skadden.com
virginia.milstead@skadden.com

John Neukom
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
525 University Avenue, Suite 1400
Palo Alto, CA 94301
Telephone: (650) 470-4500
Facsimile: (650) 470-4570
Email: john.neukom@skadden.com

Mary Jo White (*pro hac vice* forthcoming)
Andrew J. Ceresney (*pro hac vice*
forthcoming)
DEBEVOISE & PLIMPTON LLP
919 Third Avenue
New York, NY 10022
Telephone: (212) 909-6000
Facsimile: (212) 909-6836
Email: mjwhite@debevoise.com
aceresney@debevoise.com

Counsel for defendants Ripple Labs Inc., XRP
II, LLC, and Bradley Garlinghouse

1286406

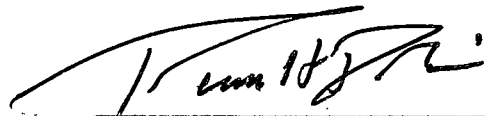
ORDER

The above Stipulation Consolidating Related Actions and Related Matters having been considered, and good cause appearing therefore,

IT IS SO ORDERED.

DATED:

8-29-18



HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 23, 2018, I served the following document(s):

STIPULATION AND [PROPOSED] ORDER CONSOLIDATING RELATED ACTIONS AND RELATED MATTERS

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

By causing the document(s) listed above to be served by a courier service on the following parties:

By depositing in a box or other facility regularly maintained by UPS, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 23, 2018, at San Diego, California.



KATHERINE B. SCHEELE

Zakinov v. Ripple Labs Inc., et al., Case No. 18CIV02845;
Oconer v. Ripple Labs Inc., et al., Case No. 18CIV03332

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Co-Lead Counsel for Plaintiffs

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION

) Lead Case No. 18-CIV-02845

This Document Relates To:

) (Consolidated with Case No. 18-CIV-03332)

ALL ACTIONS.

) CLASS ACTION

) NOTICE OF ENTRY OF ORDER

) Judge: Hon. Richard H. DuBois

) Dept: 16

) Date Action Filed: June 5, 2018

1 TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on August 30, 2018, the Court entered the
3 Stipulation and Order Consolidating Related Actions and Related Matters, a true and correct
4 copy of which is attached hereto as Exhibit A.

5 DATED: August 31, 2018

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STEPHEN J. ODDO
ERIC M. CARRINO


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Additional counsel for Plaintiff Vladi Zakinov

1292660

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 31, 2018, I served the following document(s):

NOTICE OF ENTRY OF ORDER

— By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

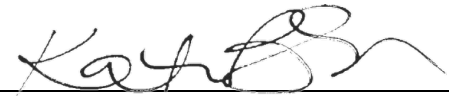
— By causing the document(s) listed above to be served by a courier service on the following parties:

— By depositing in a box or other facility regularly maintained by UPS, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

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3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 31, 2018, at San Diego, California.



KATHERINE B. SCHEELE

In re Ripple Labs Inc. Litigation, Lead Case No. 18CIV02845

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*Counsel for defendants Ripple Labs Inc., XRP
II, LLC, and Bradley Garlinghouse*

EXHIBIT A

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 STEPHEN J. ODDO (174828)
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Attorneys for Plaintiffs
 Vladi Zakinov and David Oconer

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

DAVID OCONER, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

FILED
SAN MATEO COUNTY

AUG 30 2018

Clerk of the Superior Court
 By DEPUTY CLERK

Case No. 18-CIV-02845

CLASS ACTION

STIPULATION AND [PROPOSED]
 ORDER CONSOLIDATING RELATED
 ACTIONS AND RELATED MATTERS

Judge: Richard H. DuBois

Dept: 16

Date Action Filed: June 5, 2018

Case No. 18-CIV-03332

18 - CIV - 02845
 SO
 Stipulation & Order
 1352929



Judge: Robert D. Foiles

Dept: 21

Date Action Filed: June 27, 2018

FILED
JUL 17 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
AUG 14 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
SAN MATEO COUNTY
AUG 28 2018
Clerk of the Superior Court

1. The above-captioned actions pending in this Court (the "Related Actions") make substantially the same allegations against defendant Ripple Labs Inc. ("Ripple" or the "Company"), XRP II, LLC, and Bradley Garlinghouse.

2. In an effort to assure consistent rulings and decisions and the avoidance of unnecessary duplication of effort, counsel for the respective parties in the Related Actions hereby enter into this Stipulation and [Proposed] Order Consolidating Related Actions and Related Matters (the "Stipulation").

3. Counsel for the parties to this Stipulation include Robbins Arroyo LLP ("Robbins Arroyo") and Robbins Geller Rudman & Dowd LLP ("Robbins Geller") on behalf of plaintiff Vladi Zakarov; Robbins Arroyo on behalf of David Oconer (collectively, "Plaintiffs"); Skadden, Arps, Slate, Meagher & Flom LLP and Debevoise & Plimpton LLP on behalf of defendants Ripple Labs, Inc., XRP II, LLC, and Bradley Garlinghouse (collectively, "Defendants").

4. The parties agree that it would be duplicative and wasteful of the Court's resources for Defendants named in the Related Actions to have to respond to the individual complaints prior to the agreed upon consolidation and in light of the anticipated filing of a consolidated complaint. Therefore, the parties agree that Defendants need not respond to the individual complaints that have already been filed in this Court.

5. On August 8, 2018, the Zakinov action was designated as complex. On August 21, 2018, it was assigned to the Honorable Richard H. DuBois, Department 16, for all purposes. A complex case status conference in the Oconer action is set for August 29, 2018.

CONSOLIDATION

6. The following Related Actions are hereby consolidated for all purposes, including pre-trial proceedings and trial (the "Consolidated Action"):

<u>Abbreviated Case Name</u>	<u>Case Number</u>	<u>Date Filed</u>
<i>Zakinov v. Ripple Labs Inc.</i>	18-CIV-02845	6/5/2018
<i>Oconer v. Ripple Labs Inc.</i>	18-CIV-03332	6/27/2018

1 Every pleading filed in the Consolidated Action, or in any separate action included herein, shall
2 bear the following caption:

3 SUPERIOR COURT OF THE STATE OF CALIFORNIA

4 COUNTY OF SAN MATEO

5 IN RE RIPPLE LABS INC. LITIGATION	)	Lead Case No. 18-CIV-02845
6 _____	)	(Consolidated with Case No. 18-CIV-03332)
7 This Document Relates To:)	
8 ALL ACTIONS.	)	<u>CLASS ACTION</u>
9 _____)	

10 7. The files of the Consolidated Action shall be maintained in one file under Master
11 File No. 18-CIV-02845.

12 8. Plaintiffs shall either designate a complaint as operative or file a Consolidated
13 Complaint ("Consolidated Complaint") within 45 days after entry of this order, unless otherwise
14 agreed upon by the parties. If filed, the Consolidated Complaint shall be the operative
15 complaint and shall supersede all complaints filed in any of the actions consolidated herein.
16 Defendants shall respond to the operative complaint or Consolidated Complaint within 45 days
17 after service, unless otherwise agreed by the parties. In the event that Defendants file any
18 motions directed at the operative complaint or Consolidated Complaint, the opposition and
19 reply briefs shall be filed within 45 and 20 days, respectively, of the motions, unless otherwise
20 agreed upon by the parties. Counsel agrees to confer to select a hearing date.

21 **APPOINTMENT OF A LEADERSHIP STRUCTURE**

22 9. The Plaintiffs agree that Robbins Arroyo and Robbins Geller shall serve as Co-
23 Lead Counsel for Plaintiffs ("Co-Lead Counsel") in the Consolidated Action, and Defendants
24 take no position on the Court's appointment of Co-Lead Counsel for Plaintiffs or the
25 responsibilities assumed by that Co-Lead Counsel.

26 10. Plaintiffs agree that Co-Lead Counsel shall have sole authority to speak for
27 Plaintiffs in matters regarding pre-trial procedure, trial, and settlement and shall make all work
28

1 assignments in such manner as to facilitate the orderly and efficient prosecution of the
2 Consolidated Action and to avoid duplicative or unproductive effort.

3 11. Plaintiffs agree that Co-Lead Counsel shall be responsible for coordinating all
4 activities and appearances on behalf of Plaintiffs. No motion, request for discovery, or other
5 pre-trial or trial proceedings shall be initiated or filed by any Plaintiff except through Co-Lead
6 Counsel.

7 12. Plaintiffs agree that Co-Lead Counsel shall be available and responsible for
8 communications to and from this Court, including distributing orders and other directions from
9 the Court to counsel, and shall be responsible for communication with Defendants' counsel on
10 matters of case administration and scheduling. Co-Lead Counsel shall further be responsible for
11 creating and maintaining a master service list of all parties and their respective counsel.

12 13. Defendants' counsel may rely upon all agreements made with Co-Lead Counsel,
13 or other duly authorized representative of Co-Lead Counsel, and such agreements shall be
14 binding on all Plaintiffs.

15 **RELATED MATTERS**

16 14. This Order shall apply to each case, arising out of the same or similar
17 transactions and/or events as the Related Actions which is currently pending in, subsequently
18 filed in, remanded to, or transferred to this Court.

19 15. When a case which properly belongs as part of the *In re Ripple Labs Inc.*
20 *Litigation*, Lead Case No. 18-CIV-02845, is hereafter or has been filed in, remanded to, or
21 transferred to this Court, counsel for the parties shall call such filing, remand, or transfer to the
22 attention of the clerk of this Court for purposes of moving the Court for an order consolidating
23 such case(s) with *In re Ripple Labs Inc. Litigation*, Lead Case No. 18-CIV-02845. Counsel for
24 the parties will further assist in assuring that counsel for the parties in such subsequent action(s)
25 receive notice of this Order.

1 IT IS SO STIPULATED.

2 DATED: 8/22/18

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STEPHEN J. ODDO
ERIC M. CARRINO


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Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiffs Vladi Zakinov and
David Oconer

12 DATED: 8/22/18

ROBBINS GELLER RUDMAN
& DOWD LLP


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Counsel for Plaintiff Vladi Zakinov

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Additional counsel for Plaintiff Vladi Zakinov

1 DATED:

8/22/18

SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP

Peter Morrison / by permission
SPD

PETER B. MORRISON

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Andrew J. Ceresney (*pro hac vice*
forthcoming)
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Counsel for defendants Ripple Labs Inc., XRP
II, LLC, and Bradley Garlinghouse

1286406

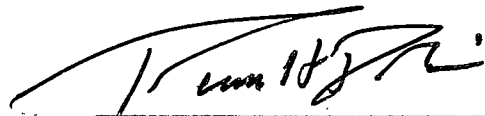
ORDER

The above Stipulation Consolidating Related Actions and Related Matters having been considered, and good cause appearing therefore,

IT IS SO ORDERED.

DATED:

8-29-18



HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 23, 2018, I served the following document(s):

STIPULATION AND [PROPOSED] ORDER CONSOLIDATING RELATED ACTIONS AND RELATED MATTERS

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

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3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 23, 2018, at San Diego, California.



KATHERINE B. SCHEELE

Zakinov v. Ripple Labs Inc., et al., Case No. 18CIV02845;
Oconer v. Ripple Labs Inc., et al., Case No. 18CIV03332

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Counsel for defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse



OCT 12 2018

~~Clerk of the Superior Court~~

By _____
DEPUTY CLERK

Case No. 18CIV 02845

1 DO NOT FAX COPIES OR CORRESPONDENCE TO DEPARTMENT 16, AS THERE IS
2 NO DEDICATED FAX LINE.

3 **Two sets** of courtesy copies of any such filing shall be stamped "Judge's Copy" and delivered
4 on the date of filing **directly** to Department 16 located at 400 County Center, Courtroom 7A,
5 Redwood City, California 94063. DO NOT LEAVE THE JUDGE'S COPY WITH THE
6 CLERK'S OFFICE. All exhibits must be separated by exhibit tabs. (See, e.g., Cal. Rules of
7 Court, rule 3.1110(f).) Courtesy copies of any electronic exhibits shall be submitted on CD or
8 DVD in conformity with the requirements of California Rules of Court, rules 2.256(b) and
9 3.1110(f)(4).

- 10 3. As to any and all motions or other matters requiring a hearing, the hearing date shall be obtained
11 **directly** from and approved by Department 16 at (650) 261-5116 (and not with the Civil Clerk's
12 Office or the Research Attorney), **prior** to filing the moving papers or other initial filings.
- 13 4. Ex parte applications in this action shall be heard by Department 16 only. Department 16 does
14 not have a set day and time to hear ex parte applications. A date to present any ex parte
15 application shall be obtained directly from Department 16 in accordance with Paragraph 2,
16 *supra*. This requirement neither modifies nor abrogates any notice or service requirements.
17 (Cal. Rules of Court, rules 3.1203, 3.1206.)
- 18 5. As to any discovery motion, the parties are relieved of the statutory obligation under California
19 Rules of Court, rule 3.1345, and thus need not file a separate statement – instead the subject
20 discovery requests (or deposition questions) and written responses (or deposition answers or
21 objections) must be attached to the supporting declaration on the discovery motion.
- 22 6. Given the nature of this case, the Court views document production and depositions as the most
23 effective means of discovery for adjudication. Accordingly, no party may propound more than
24 35 special interrogatories total and no party may propound more than 35 requests for admissions
25 (other than as to the authenticity of documents) total, without prior court order after
26 demonstration of need and a showing that other means of discovery would be less efficient.
- 27 7. In regard to all discovery disputes, counsel for the parties (and any involved third parties) shall
28 meet and confer on any and all discovery disputes and, if there are remaining disputes, then

counsel for each side shall serve on each other and mail/deliver directly to Department 16 a short letter brief setting forth the dispute and attaching as tabbed exhibits to the letter the subject discovery requests and discovery responses (if any). At the time or prior to submitting the letter briefs, counsel for the parties shall also schedule a discovery conference with the Court to occur no sooner than five court days after delivery of the last letter brief to the Court, in order to discuss the dispute. THE DISCOVERY DISPUTE LETTER BRIEFS AND THE DISCOVERY CONFERENCE SHALL BE DONE WELL PRIOR TO THE STATUTORY DEADLINES FOR FILING OF ANY MOTION TO COMPEL OR OTHER DISCOVERY MOTION. No discovery motion may be filed by any party unless and until there is compliance with the requirement of this Order, i.e., (i) substantive meet and confer, (ii) exchange of letter briefs, and (iii) discovery conference with the Court. This requirement does not constitute an extension of time for any statutory time period for filing and serving any motion under the Civil Discovery Act. When motions are filed for hearing before the court, the court will post a tentative ruling on the Court's website, at least one day prior to the hearing, under "Special Set Matters Tentative Rulings".

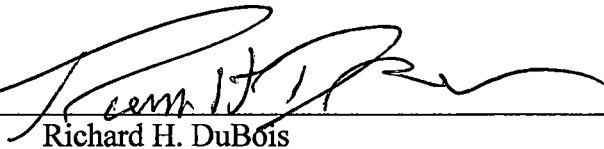
8. Pursuant to California Rules of Court, rule 3.1113(i), Department 16, does not require any appendix of non-California authorities, unless specifically stated by the Court as to a particular motion.
9. The initial Case Management Conference is set for November 9, 2018 at 2:00 p.m. in Department 16. Counsel for all parties shall meet and confer on all matters set forth in California Rules of Court, rules 3.750 and 3.724(8). Attendance at said conference by court call is approved unless a specific order to the contrary is made.

10. In anticipation of the Case Management Conference, counsel for the parties should be prepared to discuss at the hearing and file a joint written case management conference statement (*in prose and details, not using the standardized Judicial Council form*) with **one courtesy copy** delivered directly to Department 16 on or before **five court days prior to the conference** which shall address at least the following:

- a. Status of the Pleadings and service of process;
- b. Whether there are any related actions in another forum or venue;
- c. Any pro hac vice applications;
- d. Anticipated discovery and proposed briefing schedule for any anticipated demurrer or other motion regarding the pleadings
- e. Status of Discovery, including the initial production of documents by all parties, and deposition of the Plaintiff;
- f. Proposal regarding any further consolidation of cases;
- g. Proposed hearing dates and briefing schedule on Motion for Class Certification, and what specific discovery is needed before filing the motion and/or opposition;
- h. Status of Settlement or Mediation;
- i. Any other anticipated motions and proposed briefing schedule;
- j. Setting of next CMC date; and
- k. Any other matters for which the parties seek Court ruling or scheduling.

Dated: 10-10-2018

By:



Richard H. DuBois

JUDGE OF THE SUPERIOR COURT



SUPERIOR COURT OF SAN MATEO COUNTY
Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 10/19/2018

In the Matter of: VLADI ZAKINOV, et. al. vs. RIPPLE LABS INC., et. al.
Case No.: 18-CIV-02845

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) NOTICE OF CONTINUANCE OF COMPLEX CASE MANAGEMENT CONFERENCE, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 10/19/2018

Rodina M. Catalano, Court Executive Officer/Clerk

By:

Andrea Daley, Deputy Clerk

Copies Mailed To:

BRIAN J. ROBBINS
STEPHEN J. ODDO
600 B STREET, SUITE 1900
SAN DIEGO, CA 92101

SHAWN A. WILLIAMS
ROBBINS, GELLER, RUDMAN & DOWD LLP
POST MONTGOMERY CENTER
ONE MONTGOMERY STREET, SUITE 1800
SAN FRANCISCO, CA 94104

BRIAN O'MARA
655 WEST BROADWAY, SUITE 1900
SAN DIEGO, CA 92101

PETER B. MORRISON
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CA 90071

JOHN NEUKOM
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
525 UNIVERSITY AVENUE, SUITE 1400
PALO ALTO, CA 94301

FILED
SAN MATEO COUNTY

OCT 19 2018

Clerk of the Superior Court

By

DEPUTY CLERK

18 - CIV - 02845
AFM
Affidavit of Mailing
1446673



MARY JO WHITE
DEBEVOISE & PLIMPTON LLP
919 THIRD AVENUE
NEW YORK, NY 10022

FILED
SAN MATEO COUNTY

OCT 19 2018

Clerk of the Superior Court

By  DEPUTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION

Case No. 18CIV 02845

Consolidated with 18CIV03332

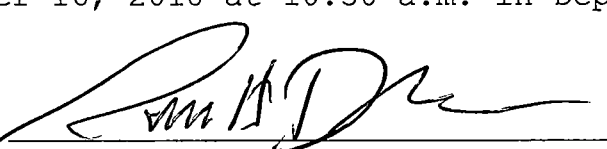
NOTICE OF CONTINUANCE OF COMPLEX
CASE MANAGEMENT CONFERENCE

This document relates to:

ALL ACTIONS

Date: 11-16-2018
Time: 10:30 a.m.
Dept.: Hon. Richard H. DuBois
Dept. 16

The Case Management Conference currently set for November 9, 2018
is continued to November 16, 2018 at 10:30 a.m. in Department 16.

Dated: 10-19-2018 By: 

Richard H. DuBois
JUDGE OF THE SUPERIOR COURT

18 - CIV - 02845
NCON
Notice of Continuance
1446670



CM-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Peter B. Morrison (SBN 230148) Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Ave., Ste. 3400 Los Angeles, CA 90012 TELEPHONE NO.: (213) 687-5000 FAX NO. (Optional): (213) 687-5600 E-MAIL ADDRESS (Optional): peter.morrison@skadden.com ATTORNEY FOR (Name): Ripple Labs Inc. et al.	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY OCT 25 2018 Clerk of the Superior Court By: ANTONIO R. GERONIMO Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: 400 County Center CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME:	
PLAINTIFF/PETITIONER: Vladi Zakinov & David Oconer DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	CASE NUMBER: Lead Case No. 18-CIV-02845 JUDICIAL OFFICER: Judge Richard. H. DuBois
NOTICE OF RELATED CASE	DEPT.: 16

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1.
 - a. Title: Greenwald v. Ripple Labs Inc. et al.
 - b. Case number: 18-CIV-03461
 - c. Court: ☒ same as above
☐ other state or federal court (name and address):
 - d. Department:
 - e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
 - f. Filing date: July 3, 2018
 - g. Has this case been designated or determined as "complex?" ☐ Yes ☒ No
 - h. Relationship of this case to the case referenced above (check all that apply):
 - ☒ involves the same parties and is based on the same or similar claims.
 - ☒ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - ☐ involves claims against, title to, possession of, or damages to the same property.
 - ☒ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - ☐ Additional explanation is attached in attachment 1h
 - i. Status of case:
 - ☒ pending
 - ☐ dismissed ☐ with ☐ without prejudice
 - ☐ disposed of by judgment
2.
 - a. Title:
 - b. Case number:
 - c. Court: ☐ same as above
☐ other state or federal court (name and address):
 - d. Department:



CM-015

PLAINTIFF/PETITIONER: Vladi Zakinov & David Oconer	CASE NUMBER:
DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	Lead Case No. 18-CIV-02845

2. (continued)

- e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
- h. Relationship of this case to the case referenced above (check all that apply):
- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h
- i. Status of case:
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: October 25, 2018

Peter B. Morrison

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)



(SIGNATURE OF PARTY OR ATTORNEY)

PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 300 S. Grand Avenue, Los Angeles, California 90071. My email address is candice.spoon@skadden.com.

On October 25, 2018 I served the documents described as:

NOTICE OF RELATED CASE

on the interested parties in this action addressed as follows:

<p>BRIAN J. ROBBINS brobbins@robbinsarroyo.com STEPHEN J. ODDO soddo@robbinsarroyo.com ERIC M. CARRINO ecarrino@robbinsarroyo.com ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 Facsimile: (619) 525-3991</p> <p>Attorneys for Plaintiffs Vladi Zakinov and David Oconer</p>	<p>David C. Walton Brian O. O'Mara Brian E. Cochran ROBBINS GELLER RUDMAN & DOWD LLP 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058 Facsimile: (619) 231-7423 E-mail: davew@rgrdlaw.com bomara@rgrdlaw.com bcochran@rgrdlaw.com</p> <p>Attorneys for Plaintiff Vladi Zakinov</p>
<p>Shawn A. Williams ROBBINS GELLER RUDMAN & DOWD LLP Post Montgomery Center One Montgomery Street, Suite 1800 San Francisco, CA 94104 Telephone: (415) 288-4545 Facsimile: (415) 288-4534 E-mail: shawnw@rgrdlaw.com</p> <p>Attorneys for Plaintiff Vladi Zakinov</p>	<p>Andrew J. Ceresney aceresney@debevoise.com Mary Jo White mjwhite@debevoise.com DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, New York 10022 Telephone: (212) 909-6000 Facsimile: (212) 909-6836</p> <p>Attorneys for Defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse</p>
<p>SCOTT+SCOTT ATTORNEYS AT LAW LLP John T. Jasnoch 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 Facsimile: 619-233-0508 jjjasnoch@scott-scott.com</p> <p>Attorneys for Plaintiff – Avner Greenwald</p>	<p>SCOTT+SCOTT ATTORNEYS AT LAW LLP Thomas L. Laughlin, IV Rhiana L. Swartz The Helmsley Building 230 Park Avenue, 17th Floor New York, NY 10169 Telephone: 212-223-6444 Facsimile: 212-223-6334</p> <p>Attorneys for Plaintiff - Avner Greenwald</p>

☒ (BY FEDERAL EXPRESS) I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same

1 day in the ordinary course of business; on this date, the above-referenced document was placed for
2 deposit at Los Angeles, California and placed for collection and delivery following ordinary
business practices.

3 I declare under penalty of perjury under the laws of the State of California that the above is
4 true and correct.

5 Executed on October 25, 2018 at Los Angeles, California.

6 Candice Spoon
7 PRINT NAME


8 SIGNATURE

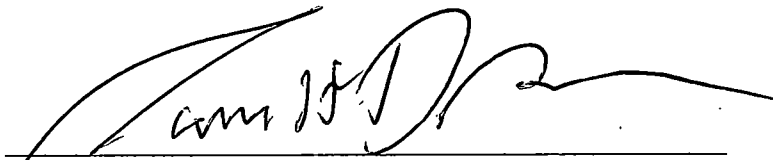
1 *Labs Inc 18CIV03461* is ordered CONSOLIDATED as part of Master File No. 18CIV02845.

2 3. Accordingly, any Complex Status Conference or Case Management Conference previously
3 set for 18CIV03461 is VACATED. The Case Management Conference in the Master file set for November
4 16, 2018 at 10:30 a.m. in Department 16 shall remain on calendar.

5
6
7 Dated:

OCT 31 2018

By:



Richard H. DuBois

JUDGE OF THE SUPERIOR COURT



SUPERIOR COURT OF SAN MATEO COUNTY

Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 11/1/2018

In the Matter of: AVNER GREENWALD vs. RIPPLE LABS, INC., a Delaware Corporation, et al
Case No.: 18-CIV-03461

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) ORDER DEEMING CASE RELATED AND CONSOLIDATING ACTION INTO MASTER FILE NO. 18CIV02845, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 11/1/2018

Neal I. Taniguchi, Court Executive Officer/Clerk

By: _____

Andrea Daley, Deputy Clerk

Copies Mailed To:

BRIAN J. ROBBINS
STEPHEN J. ODDO
600 B STREET, SUITE 1900
SAN DIEGO, CA 92101

SHAWN A. WILLIAMS
ROBBINS, GELLER, RUDMAN & DOWD LLP
POST MONTGOMERY CENTER
ONE MONTGOMERY STREET, SUITE 1800
SAN FRANCISCO, CA 94104

BRIAN O'MARA
ROBBINS, GELLER, RUDMAN & DOWD LLP
655 WEST BROADWAY, SUITE 1900
SAN DIEGO, CA 92101

PETER B. MORRISON
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CA 90071

JOHN NEUKOM
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
525 UNIVERSITY AVENUE, SUITE 1400
PALO ALTO, CA 94301

FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court

By: _____
DEPUTY CLERK

18 - CIV - 03461

AFM

Affidavit of Mailing

1468990



MARY JO WHITE
DEBEVOISE & PLIMPTON LLP
919 THIRD AVENUE
NEW YORK, NY 10022

JOHN T. JASNOCH
SCOTT+SCOTT ATTORNEYS AT LAW LLP
600 WEST BROADWAY, SUITE 3300
SAN DIEGO, CA 92101

THOMAS L. LAUGHLIN, IV
RHIANA L. SWARTZ
SCOTT+SCOTT ATTORNEYS AT LAW LLP
THE HELMSLEY BUILDING
230 PARK AVENUE, 17TH FLOOR
NEW YORK, NY 10169

EXHIBIT H

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Brian J. Robbins (190264) ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 TELEPHONE NO.: (619) 525-3990 FAX NO.: (619) 525-3991		FOR COURT USE ONLY <h1 style="margin: 0;">FILED</h1> <h2 style="margin: 0;">SAN MATEO COUNTY</h2> <div style="text-align: center;"> JUN 27 2018 Clerk of the Superior Court By <u>DEPUTY CLERK</u> </div>	
ATTORNEY FOR (Name): Plaintiff David Oconer SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME: Hall of Justice and Records		CASE NUMBER: <div style="font-size: 1.5em; font-weight: bold;">18G1V03332</div> JUDGE: DEPT:	
CASE NAME: Oconer v. Ripple Labs Inc., et al.			
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)		Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)	

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:		
Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/Inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)

2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input checked="" type="checkbox"/> Large number of witnesses |
| b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): **Two**
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: June 27, 2018

Brian J. Robbins

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.

If under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

CIVIL CASE COVER SHEET
 Cal. Rules of Court, rules 2.30, 3.220, 3.400-3.403, 3.740;
 Cal. Standards of Judicial Administration, sld 3.10
www.courtinfo.ca.gov

18 - CIV - 03332

CCCS

Civil Case Cover Sheet

1232945



FILE BY FAX

CM-010

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES**Auto Tort**

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) (*if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto*)

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability (*not asbestos or toxic/environmental*) (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) (*not civil harassment*) (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice (*not medical or legal*)
Other Non-PI/PD/WD Tort (35)

Employment

Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract (*not unlawful detainer or wrongful eviction*)
Contract/Warranty Breach—Seller Plaintiff (*not fraud or negligence*)
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage (*not provisionally complex*) (18)
Auto Subrogation
Other Coverage

Other Contract (37)

Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property (*not eminent domain, landlord/tenant, or foreclosure*)

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) (*if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential*)

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor
Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims (*arising from provisionally complex case type listed above*) (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment (*non-domestic relations*)
Sister State Judgment
Administrative Agency Award (*not unpaid taxes*)
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint (*not specified above*) (42)
Declaratory Relief Only
Injunctive Relief Only (*non-harassment*)
Mechanics Lien
Other Commercial Complaint Case (*non-tort/non-complex*)
Other Civil Complaint (*non-tort/non-complex*)

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition (*not specified above*) (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

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13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 COUNTY OF SAN MATEO

15 DAVID OCONER, Individually and on Behalf)
16 of All Others Similarly Situated,)

17 Plaintiff,)

18 v.)

19 RIPPLE LABS, INC.,)
20 XRP II, LLC,)
21 BRADLEY GARLINGHOUSE, and)
22 DOES 1-25, Inclusive,)

23 Defendants.)

Case No.

18CIV03332

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
CALIFORNIA LAW

DEMAND FOR JURY TRIAL

18 - CIV - 03332
CMP
Complaint
1232943



FILED
SAN MATEO COUNTY

JUN 27 2018

Clerk of the Superior Court

By

DEPUTY CLERK

FILE BY FAX

1 Plaintiff David Oconer, individually and on behalf of all others similarly situated, by his
 2 undersigned attorneys, alleges the following, based upon personal knowledge as to plaintiff and
 3 plaintiff's own acts, and upon information and belief as to all other matters based on the investigation
 4 conducted by and through plaintiff's attorneys, which included, among other things, a review of filings
 5 and press releases by Ripple Labs, Inc. ("Ripple" or the "Company"), its wholly owned subsidiary XRP
 6 II, LLC ("XRP II"), and analyst and media reports and other publicly disclosed reports and information
 7 about the Company and XRP II. Plaintiff believes that substantial additional evidentiary support will
 8 exist for the allegations set forth herein, after a reasonable opportunity for discovery.

9 SUMMARY OF ACTION

10 1. This is a securities class action on behalf of all California purchasers of Ripple tokens
 11 ("XRP"), brought against Ripple, XRP II and the Chief Executive Officer ("CEO") of the Company,
 12 Bradley Garlinghouse ("Garlinghouse"), who promoted, sold and solicited the sale of XRP. Defendants
 13 raised hundreds of millions of dollars through the unregistered sale of XRP, including selling to retail
 14 investors, in violation of the law.

15 2. Under California law, offers and sales of securities must be qualified with the
 16 Commissioner of Corporations, unless exempt. These laws are designed to protect the public, by
 17 requiring various disclosures so that investors can better understand the security and the risks associated
 18 with investing in that security. The regime of registration and disclosure is the primary means by which
 19 regulators prohibit deceit, misrepresentations, and fraud in the sale of securities, and promote the fair
 20 and orderly functioning of the securities markets.

21 3. Here, the XRP offered and sold by defendants had all the traditional hallmarks of a
 22 security, yet defendants failed to register them as such. The purchase of XRP constitutes an investment
 23 contract, as XRP purchasers, including plaintiff, provided consideration (in the form of fiat, such as
 24 U.S. dollars, or other cryptocurrencies) in exchange for XRP. XRP purchasers reasonably expected to
 25 derive profits from their ownership of XRP, and defendants themselves have frequently highlighted this
 26 profit motive. Moreover, the development of the XRP Ledger and other facets of the XRP network, and
 27 the return that investors expected to derive therefrom, were, and are, based entirely on the technical,
 28 managerial, and entrepreneurial efforts of defendants, and other third parties employed by defendants.

1 Indeed, a feature of XRP that differentiates the cryptocurrency from others such as Bitcoin, is that the
2 security is highly centralized in Ripple. The Company created the XRP token and then used sales of the
3 tokens in order to fund its operations and the development of the XRP ecosystem, which in turn,
4 increased the value of XRP and the potential returns to XRP investors.

5 4. Despite the status of XRP as a security, defendants failed to register XRP and the sale of
6 XRP did not qualify for an exemption from registration. Nevertheless, many of the representations
7 defendants made regarding XRP were designed to drive demand for XRP, allowing defendants to obtain
8 greater returns on their XRP sales. Defendants have since generated hundreds of millions of dollars in
9 gross proceeds by selling XRP to the general public, in what is essentially a series of initial coin
10 offerings ("ICO"). Much like the better-known term, initial public offering ("IPO"), in an ICO, digital
11 assets are sold to consumers in exchange for legal tender or cryptocurrencies (most often Bitcoin and
12 Ethereum). These tokens generally give the purchaser various rights on the blockchain network and
13 resemble the shares of a company sold to investors in an IPO. Unfortunately, ICOs have become a
14 magnet for unscrupulous practices and fraud.

15 5. Plaintiff brings this suit for declaratory relief that XRP is, in fact, a security under
16 applicable laws, and for damages, rescission and other relief as detailed herein.

17 JURISDICTION AND VENUE

18 6. The claims alleged herein arise under §§25110, 25503 and 25504 of the California
19 Corporations Code (the "Corporations Code"). Jurisdiction is conferred by Art. VI, §10 of the
20 California Constitution. Venue is proper pursuant to the California Code of Civil Procedure.

21 7. The violations of law complained of herein occurred in San Mateo County, including the
22 unlawful sale of unregistered securities into this County. In addition, defendants are located and/or
23 conduct business in this County, significant events that led to the sale of unregistered securities
24 occurred in this County, and documents and witnesses are located in this County, or can be found in this
25 County. For example, Ripple raised proceeds from, and is backed by venture capital firms, such as
26 Andreessen Horowitz, which is located in this County, has solicited and sold XRP to investors located
27 in this County, and is run by defendant Garlinghouse, who lives in this County.

8. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mail, interstate telephone communications and the facilities of the national securities markets.

PARTIES

9. Plaintiff David Oconer is a citizen of California, who purchased the XRP promoted and sold by defendants, which was not registered as a security by defendants and was not subject to any exemption from registration.

10. Defendant Ripple Labs, Inc. has its principal place of business in San Francisco, California. Ripple created and sold XRP, through XRP II, and solicited the purchases of XRP from plaintiff and the Class (defined herein) for its own benefit and the benefit of its executives and owners, such as defendant Garlinghouse.

11. Defendant XRP II, LLC has its principal place of business in San Francisco, California. XRP II sold XRP and solicited the purchases of XRP from plaintiff and the Class for its own benefit and the benefit of its parent, Ripple, and its executives and owners, such as defendant Garlinghouse.

12. Defendant Bradley Garlinghouse is the CEO of the Company. He lives in Atherton, California. Garlinghouse orchestrated the sale of XRP by Ripple and XRP II and solicited the purchases of XRP from plaintiff and the Class for his own benefit and the benefit of Ripple.

13. The true names and capacities of defendants sued herein under California Code of Civil Procedure §474 as Does 1 through 25, inclusive, are presently not known to plaintiff, who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this complaint and include these Doe defendants' true names and capacities when they are ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

SUBSTANTIVE ALLEGATIONS

Ripple Creates XRP

14. Ripple's primary business involves the operation of an open ledger protocol, payment, and exchange network. The native cryptocurrency for the Ripple system is the XRP token, which serves as both an investment in the Company (as sales of XRP are used to fund Company operations,

1 with the expectation that these investments will increase the tokens' value) and as a means of exchange
2 promoted by Ripple. The Ripple system is based around the XRP Ledger. The XRP Ledger consists of
3 many servers, called nodes, which accept and process transactions. Client applications sign and send
4 transactions to nodes, which then relay these candidate transactions throughout the network for
5 processing. Transactions are then verified and become part of the XRP Ledger history through a
6 consensus process. Every transaction in XRP must be made by and through the XRP Ledger, which is
7 maintained by defendants. In order to open an account on the XRP Ledger, a user is required by
8 defendants to maintain a minimum account balance of 20 XRP. Furthermore, each time a transaction in
9 XRP is made, defendants require a transaction cost from the transacting parties.¹

10 15. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
11 validating transactions on their networks, Ripple created the 100 billion XRP supply itself. Twenty
12 billion XRP, or 20% of the total XRP supply, were given to the individual founders of Ripple,² with the
13 remaining 80 billion being retained by the Company. As for the 80 billion XRP held by Ripple, the
14 Company periodically sells XRP from its supply and uses the proceeds from these sales to fund
15 Company operations and improve the XRP ecosystem. Ripple's founders and other Company insiders
16 have also enriched themselves with their personal XRP fortunes. In January 2018, Ripple co-founder
17 Chris Larsen was named one of the richest people in the United States, with an estimated net worth of
18 \$59.9 billion, primarily due to the increase in value of XRP and his personal ownership of billions of
19 XRP tokens and a significant ownership stake in the Company.³

20 16. Ripple has been criticized because of the centralized nature of its network for XRP,
21 especially when compared to the networks for other truly distributed cryptocurrencies such as Bitcoin.
22 Ripple demonstrated its control over the XRP ecosystem when, in 2015, it froze the balance of Ripple

23 ¹ The current minimum transaction cost is 0.00001 XRP, although this cost can be increased by
24 defendants. This feature of XRP transactions benefits defendants because it makes their stockpile of
XRP more valuable over time.

25 ² Chris Larsen and Jed McCaleb ("McCaleb") each received 9.5 billion XRP, with Arthur Britto
26 receiving 1 billion.

27 ³ [https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richier-than-the-google-founders-on-](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richier-than-the-google-founders-on-paper.html)
28 [paper.html](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richier-than-the-google-founders-on-paper.html).

co-founder McCaleb following an internal dispute. The ability of Ripple to control the flow of XRP undermines any pretense that the security is not centralized in the Company. Similarly, in February 2018, a report by BitMEX Research stated that a test of the Ripple system revealed that all five public keys used to validate transactions came directly from Ripple, meaning that Ripple was "essentially in complete control of moving the ledger forward."⁴ The report concluded that Ripple's claims that the system was "distributed" could be misleading, as Ripple essentially controlled the XRP Ledger process. As the stewards of the XRP ecosystem, defendants' success in developing, promoting, and maintaining the XRP Ledger and other exchange infrastructure is directly related to the value of XRP. Furthermore, because Ripple maintains, controls and stewards the XRP Ledger, and because defendants have the ability to add conditions to transactions in XRP, and can unilaterally modify elements of the XRP ecosystem, each transaction in XRP involves a transaction directly with defendants.

Ripple Updates XRP

17. Ripple is constantly changing and seeking to improve the XRP network. These changes have decreased transaction times and improved system security, compatibility, use cases and other features of XRP. At the same time, Ripple has released new "white papers" touting these upgrades and proposed upgrades to the cryptocurrency and its exchange network. For example, Ripple released a white paper in February 2016 following a series of upgrades with the subtitle "The ROI of Using Ripple and XRP for Global Interbank Settlements."⁵ "ROI" stands for "return on investment," and the paper discussed at length the purported value of using XRP, compared to other systems.

18. One of the most significant changes to the XRP ecosystem occurred in the latter half of 2015. In May 2015, regulatory authorities in the United States fined Ripple and XRP II \$700,000 for "willfully" violating the Bank Secrecy Act by selling XRP without obtaining the required authorization. The failure to properly register as a money services business, or "MSB," exposed XRP for use by money launderers, criminals and other suspicious actors. As part of the settlement, defendants agreed to a number of remedial measures, including registration with FinCEN within 30 days of the agreement

⁴ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

⁵ https://ripple.com/files/xrp_cost_model_paper.pdf.

1 and to secure customer identification information within 180 days of the agreement. In the subsequent
2 months, Ripple updated the XRP network and ecosystem to comply with the settlement agreement. In
3 October 2015, Ripple underwent a rebranding after which it purported to fulfill its obligations under the
4 settlement agreement.

5 19. Another key development occurred in May 2017, when Ripple announced that it would
6 limit distribution of the remaining 61.68 billion XRP owned by the Company, from its original 80
7 billion XRP allotment. Ripple stated that it would place 55 billion XRP into a cryptographically
8 secured escrow account, and only offer and sell limited amounts of XRP at defined intervals. The
9 Company established 55 contracts of 1 billion XRP that allowed it to sell up to 1 billion XRP per month,
10 with any unsold XRP returned to escrow for use in subsequent offerings. The Company stated that it
11 expected the distribution strategy "will result in a strengthening XRP exchange rate against other
12 currencies," and that Ripple's "self-interest is aligned with building and maintaining a healthy XRP
13 market."⁶ The fact that the vast amount of existing XRP resides in the control of defendants further
14 demonstrates the high degree of centralization and control defendants maintain over XRP, as they can
15 determine the supply of XRP, which will, in turn impact the price of the security.

16 20. Indeed, a primary motivation for limiting the available supply of XRP was to drive price
17 appreciation and allow defendants to maximize profits from XRP sales. The price of XRP increased
18 rapidly following the announcement of the escrow decision, increasing 1,159% during the second
19 quarter of 2017. Ripple's "Q2 2017 XRP Markets Report" listed the escrow announcement as
20 "instrumental in helping to drive XRP interest and volume," and noted the "market responded favorably
21 to the escrow" announcement.⁷

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26 ⁶ <https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>.

27 ⁷ <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

21. On or about December 7, 2017, Ripple announced that it had followed through with its promise and placed "55 billion XRP in a cryptographically-secured escrow account to create certainty of XRP supply at any given time."⁸ The announcement stated:

By securing the lion's share of XRP in escrow, people can now mathematically verify the maximum supply that can enter the market. While Ripple has proved to be a responsible steward of XRP supply for almost five years – and has clearly demonstrated a tremendous track record of investing in and supporting the XRP ecosystem – this lockup eliminates any concern that Ripple could flood the market, which we've pointed out before is a scenario that would be bad for Ripple!⁹

22. The article contained a button to allow readers to share it on Twitter with the caption "Game changer for \$XRP! 55 billion XRP now in escrow."¹⁰ Ripple also promoted this article through its own tweet, which proclaimed: "55B \$XRP is now in escrow. Interested in what this means for \$XRP markets?"¹¹ Garlinghouse was even more enthusiastic, tweeting: "Boom! 55B \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this #cryptokitty out of the bag!"¹²

23. Ripple's public commitment to limit the supply of XRP had its intended effect. In the weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on December 7, 2017 to \$3.38 per token on January 7, 2018.¹³

Defendants Market XRP to Drive Demand and Increase Price

24. While publicly touting its xCurrent, xRapid and xVia enterprise solutions (collectively, "Enterprise Solutions"), Ripple's primary source of income is, and has been, the sale of XRP. Ripple

⁸ <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ <https://twitter.com/Ripple/status/938933967956389889>.

¹² <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

¹³ XRP would subsequently lose nearly all its value in just over three months, falling to a low of approximately \$0.48 per token on April 6, 2018.

1 generated over \$180 million in gross proceeds through XRP sales in 2017 alone.¹⁴ Defendants sell XRP
 2 on a wholesale basis to larger investors, and also sell significant quantities of XRP directly to retail
 3 investors on cryptocurrency exchanges. According to Ripple, in the first quarter of 2018, "market
 4 participants purchased \$16.6 million [of XRP] directly from XRP II," and XRP II also "sold \$151.1
 5 million worth of XRP" on exchanges.¹⁵

6 25. Given its reliance on sales of XRP, it is unsurprising that Ripple aggressively markets
 7 XRP to drive demand, increase the price of XRP, and, consequently, its own profits. For example,
 8 Ripple has an entire section of its website dedicated to providing advice on "How to Buy XRP." This
 9 section provides links to exchanges and instructions on "how to buy XRP" on those exchanges.¹⁶ It also
 10 has a section titled "Market Performance" which proclaims that Ripple is "committed to the long term
 11 health and stability of XRP markets."¹⁷

12 26. Ripple also regularly promotes the availability of XRP on exchanges. For example, on
 13 May 18, 2017, Ripple's Senior Vice-President for Business Development, Patrick Griffin, tweeted a link
 14 to the Kraken exchange with the caption: "Kraken Introduces New Fiat Pairs for XRP Trading! USD,
 15 JPY, CAD, EUR @Ripple."¹⁸

16 27. Similarly, on or about December 21, 2017, Ripple tweeted that XRP was now available
 17 on over 50 exchanges.¹⁹ That tweet linked to an article on Ripple's website which described XRP as
 18 "the fastest and most scalable [digital] asset on the market."²⁰ The article continued: "The market is
 19 taking notice of XRP's speed, reliability and scalability – which has strengthened the demand for XRP

20 ¹⁴ [https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-](https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-quarter.html)
 21 [quarter.html](https://www.cnbc.com/2018/01/24/ripple-sold-91-point-6-million-of-digital-currency-xrp-last-quarter.html).

22 ¹⁵ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/>.

23 ¹⁶ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

24 ¹⁷ Market Performance, <https://ripple.com/xrp/market-performance/>.

25 ¹⁸ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233>.

26 ¹⁹ @Ripple, <https://twitter.com/Ripple/status/943999526783905792>.

27 ²⁰ XRP Now Available on 50 Exchanges Worldwide, [https://ripple.com/insights/xrp-now-available-](https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/)
 28 [on-50-exchanges-worldwide/](https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/).

1 and where it's listed. In fact, we're proud to announce that XRP has gone from being listed on six
 2 exchanges earlier this year to more than 50 worldwide."²¹ The article also linked to a number of
 3 exchanges where XRP could be purchased, and stated that "XRP's long-term value is determined by its
 4 utility – including its ability to help financial institutions source liquidity for payments into and out of
 5 emerging markets."²²

6 28. Illustrative of defendants' attempts to promote the XRP ecosystem, in 2017, Ripple
 7 attempted to pay two of the top cryptocurrency exchanges, Gemini and Coinbase, to secure listing of
 8 XRP. Coinbase and Gemini provide some of the easiest ways for U.S. customers to buy crypto-assets
 9 with U.S. dollars. As a result, being listed on one of these exchanges tends to accelerate demand for,
 10 and thus, increase the price of, a crypto-asset. For example, when Coinbase listed Bitcoin Cash in
 11 December 2017, the price of Bitcoin Cash increased nearly three times its trading price relative to other
 12 exchanges.

13 29. Reportedly, Ripple offered to pay \$1 million to Gemini in the third quarter of 2017 if it
 14 would list XRP. Similarly, during preliminary talks with Coinbase in the fall of 2017, Ripple said it
 15 would be willing to lend the exchange more than \$100 million worth of XRP to start letting users trade
 16 the token. On November 29, 2017, Ripple posted a link to a change.org petition to "Get Ripple on
 17 Coinbase," with the caption: "The community is mobilizing! [thumbs up emoji]."²³ Ripple's Senior
 18 Vice President of Business Development also tweeted a link to the petition. According to *Bloomberg*:
 19 "By dangling money in front of exchanges, Ripple signaled that its future success hinges in part on
 20 getting XRP listed on the top trading venues."²⁴

21 30. In addition, Ripple hosts conferences to generate interest in XRP. For example, from
 22 October 16 to October 18, 2017, the Company hosted a conference named "Swell" in Toronto. Ripple

23 ²¹ *Id.*

24 ²² *Id.*

25 ²³ <https://twitter.com/ripple/status/935923310080045056?lang=en>

26 ²⁴ <https://www.bloomberg.com/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin>

1 acknowledged that "[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up
2 100 percent."²⁵

3 31. On December 21, 2017, CoinDesk, a subsidiary of Digital Currency Group, which has an
4 ownership interest in Ripple, published an article titled, "Ripple Price Passes Historic \$1 Milestone."²⁶
5 This was just one of many instances in which Ripple would promote price movements of XRP.

6 32. Ripple's promotion of XRP's price continued in December 2017, as the price of XRP
7 climbed over 1,000% in a single month. In one instance, Ripple's product manager of the XRP Ledger
8 and xRapid retweeted a tweet exclaiming: "Wow, XRP at all time high! Forget about bitcoin, *we're all*
9 *in on XRP!*"²⁷ This same manager later tweeted: "So glad I doubled down. Since I joined @Ripple,
10 \$XRP now at \$1.00 (up 17,141.37%)...."²⁸

11 33. Ripple's CEO, defendant Garlinghouse, has also been a vocal advocate for investing in
12 XRP. In a December 14, 2017 interview with BNN, when asked if he is "personally invested" in XRP
13 and was "taking profits" on that investment, Garlinghouse stated, "I'm long XRP, *I'm very, very long*
14 *XRP* as a percentage of my personal balance sheet."²⁹ He continued, stating that he is "not long some
15 of the other [digital] assets, because it is not clear to me what's the real utility, what problem are they
16 really solving."³⁰ He ended by reiterating, "if you're solving a real problem, if it's a scaled problem,
17 then I think you have a huge opportunity to continue to grow that."³¹ Later that same day, Garlinghouse
18
19
20

21 ²⁵ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

22 ²⁶ Daniel Palmer, *Ripple Price Passes Historic \$1 Milestone*, CoinDesk (Dec. 21, 2017),
<https://www.coindesk.com/ripple-price-passes-historic-1-milestone/>.

23 ²⁷ @warpaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829.

24 ²⁸ <https://twitter.com/warpaul/status/943766056710975490>.

25 ²⁹ Interview available at <https://twitter.com/jonerlichman/status/941354964227522561?lang=en>.

26 ³⁰ *Id.*

27 ³¹ *Id.*

1 tweeted: "Bloomberg welcomes \$XRP to @theterminal and gets it right — #2 market cap behind \$BTC
2 at ~\$80B!"³²

3 34. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article
4 titled "Bitcoin Is So 2017 as Ripple Soars at Year End," with the caption "I'll let the headline speak for
5 itself. \$xrp."³³

6 35. Similarly, on or about January 17, 2018, Garlinghouse tweeted a link to a *CNBC* article
7 titled "Ripple is sitting on close to \$80 billion and could cash out hundreds of millions per month — but
8 it isn't," with the caption: "A good read on why fostering a healthy \$XRP ecosystem is a top priority at
9 @Ripple."³⁴

10 36. However, the reality was that Ripple was profiting by selling to investors from its
11 massive store of XRP. In 2017 alone, Ripple sold more than \$180 million worth of XRP. These sales
12 accelerated in the first quarter of 2018, reaching \$151.1 million in just three months.

13 **The Price of XRP Is Directly Tied to Ripple's Business and Operations**

14 37. The Company's primary source of revenue is the periodic sale of XRP to investors. The
15 price for XRP, in turn, is directly tied to the managerial skills and efforts of Ripple, XRP II,
16 Garlinghouse, and other third parties who they employ, or with whom they are associated. Ripple
17 regularly promotes its improvements to the XRP ecosystem, which are intended to increase demand for
18 XRP and thus potential returns for XRP investors. For example, in describing the reasons behind the
19 dramatic price appreciation of XRP during the fourth quarter of 2017, Ripple specifically cited as of
20 "particular importance," the Company's various business initiatives, including: (i) Ripple's partnership
21 with American Express/Santander; (ii) Ripple's activation of the previously discussed escrow of XRP to
22 limit periodic offers and distributions; and (iii) a Japanese/Korean banking consortium backed by the
23 Company.³⁵ In the report, Ripple stated that its "consistent and steadfast support of XRP is a major

24 ³² @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464>.

25 ³³ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248>.

26 ³⁴ <https://twitter.com/bgarlinghouse/status/953676992313872384?lang=en>.

27 ³⁵ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

1 advantage as the payments industry continues to seriously consider it as an alternative liquidity
 2 solution."³⁶ The centralized nature of XRP compared to other cryptocurrencies further cements the
 3 central role of defendants in determining the future expected value of the asset.

4 38. Defendants' white papers, advertising and social media postings also conflate adoption
 5 and use of Ripple's Enterprise Solutions businesses with adoption and use of XRP. Although ostensibly
 6 separate, the two business segments are very much interrelated, because adoption of Ripple's Enterprise
 7 Solutions by various institutional actors is likely to increase the use and demand for XRP. For example,
 8 the Company's xRapid infrastructure solution uses XRP, which Ripple states will "dramatically lower
 9 costs while enabling real-time payments in emerging markets."³⁷ Similarly, a November 2015 white
 10 paper by the Company highlighted "XRP's Role on Ripple and in the Internet of Value" and how the
 11 Company's technologies could turn a "Spark to a Wildfire" by increasing liquidity and efficiencies for
 12 cross-border transactions for the Company's banking clients.³⁸ A February 2016 white paper followed
 13 up on those purported "network effects," claiming that the use of the Ripple network and XRP would
 14 increase banks' returns on investment by improving the global payment infrastructure.³⁹ Moreover,
 15 Ripple promotes XRP and xRapid to its existing Enterprise Solutions customer base and can increase
 16 the use of these products through cross-selling. Ripple has explicitly stated that this is part of its
 17 business strategy.⁴⁰ As XRP can be used to transact on xRapid, and the same customers that may adopt
 18 Ripple's Enterprise Solutions overlap with potential institutional users and facilitators of XRP, the
 19 success of Ripple's overall business and operations is directly correlated to the price of XRP.

20
 21 ³⁶ *Id.*

22 ³⁷ <https://ripple.com/solutions/source-liquidity/>.

23 ³⁸ https://ripple.com/files/ripple_vision.pdf.

24 ³⁹ https://ripple.com/files/xrp_cost_model_paper.pdf.

25 ⁴⁰ *E.g.*, <https://ripple.com/insights/much-ado-much-to-do-part-3/> ("While no xCurrent customers today
 26 use xRapid, we're increasingly speaking to them about their liquidity challenges and xRapid at their
 27 request.... As long as we continue to run xRapid pilots as successful as Cuallix's, we believe we'll drive
 28 a lot of payments volume through XRP in the years ahead.").

39. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases" have made the direct connection between the price of XRP and the adoption of the Company's Enterprise Solutions.⁴¹ Ripple itself has made this link, for example tweeting on May 16, 2017: "The appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin."⁴²

40. Similarly, on June 29, 2017, Ripple tweeted a clip of an interview Garlinghouse gave on CNBC with the caption: "#XRP – up 4000% this year – has shown the market favors a real use case for #digitalassets..."⁴³ For that interview, Garlinghouse was quoted as stating, "Digital assets are in a position to be more valuable than gold."⁴⁴

41. On September 11, 2017, Garlinghouse stated in an interview with CNBC: "People are looking at the success Ripple has been having as a company, *and I think that's increased the value of XRP.*"⁴⁵ He continued by stating that Ripple wants "to keep focusing on making XRP a valuable payments tool, and that value will increase accordingly," and he was "voting with my . . . pocketbook on the future increased value of cryptocurrencies."⁴⁶

42. On November 27, 2017, Garlinghouse tweeted "Ripple & \$XRP are giving businesses 'what they want in a #blockchain,'" along with a link to a Motley Fool tweet.⁴⁷ The linked-to Motley Fool tweet stated that "AmEx and Banco Santander will use Ripple's blockchain network for instant intl. fund transfers. Could be a big deal for Ripple's XRP cryptocurrency. \$AXP \$SAN."⁴⁸

⁴¹ <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

⁴² @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

⁴³ @Ripple, <https://twitter.com/Ripple/status/880532198025121793>.

⁴⁴ <https://twitter.com/AkikoFujita/status/880256389213339648>.

⁴⁵ <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html>.

⁴⁶ *Id.*

⁴⁷ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366>.

⁴⁸ @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553>.

43. Likewise, on December 14, 2017, Ripple tweeted: "The Japan Bank Consortium launched a Ripple pilot with two large Korean banks – the first time money moves from Japan to Korea over RippleNet."⁴⁹ On that same day Ripple tweeted "@bgarlinghouse [its CEO's Twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why \$XRP will come out on top."⁵⁰

44. On January 4, 2018, following XRP's rapid price increase, *The New York Times* published an article titled, "Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg."⁵¹ The author of the article, Nathaniel Popper, tweeted a link to the article with the caption: "On the rise of Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies."⁵² He further stated in the tweet: "I've asked several people close to banks if banks are indeed planning to begin using Ripple's token, XRP, in a serious way, which is what investors seem to assume when they buy in at the current XRP prices."⁵³

45. Garlinghouse publicly responded to this post, tweeting: "Over the last few months I've spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our XRP liquidity product) in a serious way."⁵⁴ Garlinghouse then provided a "sampling" of feedback he had purportedly received from these institutions praising XRP and xRapid. This feedback implicitly justified the market price and investment opportunity for XRP, including:

- "We ran the costs on our end and see that this is 100% more efficient than [sic] what we're doing now."
- "The xRapid pilots all went perfectly."

⁴⁹ @Ripple, <https://twitter.com/Ripple/status/941501026267316224>.

⁵⁰ @Ripple, <https://twitter.com/Ripple/status/941352005058011137>.

⁵¹ Nathaniel Popper, *Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg*, N.Y. Times, Jan. 4, 2018, <https://www.nytimes.com/2018/01/04/technology/bitcoin-ripple.html>.

⁵² @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752>.

⁵³ *Id.*

⁵⁴ *Id.*

- 1 • "This is much more efficient than our process today. We'd like to move forward with xRapid today."
- 2 • "We've already used Bitcoin in transactions but the time is causing slippage and costing more to transfer. We'd like to use xRapid and XRP to help with these issues."
- 3 • "This [XRP] is a much more efficient way to send money across borders than what we typically use today. Especially as Bitcoin has continued to slow and become more expensive."
- 4 • "There's plenty of small to medium sized banks out there that are hit hard by fees. They'd jump at the opportunity to send money directly and bypass those fees [using XRP]."⁵⁵

9 **Defendants Acknowledge that Development of the XRP Ledger Is Dependent on Their Technical, Entrepreneurial, and Managerial Efforts**

11 46. As alleged herein, defendants have repeatedly acknowledged the obvious: development of the XRP Ledger and the potential profits that could be derived from investing in XRP, depends on their technical, entrepreneurial and managerial efforts.

14 47. Indeed, Ripple publishes a quarterly report detailing its efforts to grow the "XRP ecosystem."⁵⁶ In the report for the second quarter of 2017, Ripple stated: "We plan to focus on three areas of liquidity development as we drive XRP towards its natural position as the digital asset standard for international value transfer."⁵⁷ The report continues: "Most importantly, we are accelerating the pace of our investment in the XRP Ledger to build on its speed, uptime, and scalability, to ensure XRP is the most trusted enterprise-grade digital asset."⁵⁸

20 48. Three months later, in describing its goals for the fourth quarter of 2017, Ripple proclaimed it would "continue to expand [its] xRapid partnerships."⁵⁹ The report stated that Ripple's

22 ⁵⁵ *Id.*

23 ⁵⁶ Announcing the Quarterly XRP Market Operations Report, <https://ripple.com/insights/announcing-quarterly-xrp-market-operations-report/>.

24 ⁵⁷ Q2 2017 XRP Markets Report, <https://ripple.com/insights/q2-2017-xrp-markets-report/>.

25 ⁵⁸ *Id.*

26 ⁵⁹ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/>.

1 "long-term goal is, and always has been, usage of XRP as a liquidity solution for more and more
2 corridors, and partnerships are key to achieving this goal."⁶⁰

3 49. Similarly, in January 2018, Ripple touted "a partnership with MoneyGram – one of the
4 world's largest money transfer companies – to use xRapid and XRP for near real-time cross-border
5 payments. In addition, there are a number of other xRapid deals at various stages of completion in the
6 pipeline."⁶¹ The Company also stated that it wanted "to build the necessary markets infrastructure for
7 eventual direct usage of XRP by financial institutions."⁶² Garlinghouse commented on this partnership,
8 stating "And to be clear: @MoneyGram announcement is one step in a marathon ahead to truly make
9 \$XRP the global liquidity solution for payment providers and banks."⁶³ These are illustrative of the
10 many instances in which defendants have acknowledged their own role in promoting the market for
11 XRP, and the ways in which the future expected value of XRP is dependent on their own efforts.

12 50. In addition, defendants, and Ripple in particular, are responsible for maintaining the
13 XRP Ledger. Unlike cryptocurrencies such as Bitcoin and Ethereum, which use a Proof of Work
14 ("PoW") consensus mechanism to verify the legitimacy of transactions on the network, the XRP Ledger
15 relies on trusted nodes, operated by Ripple, to verify the legitimacy of transactions and maintain
16 agreement on the network. The PoW mechanism utilized by Bitcoin and Ethereum helps to ensure the
17 network is decentralized by allowing anyone to use their own hardware and electricity to run the PoW
18 consensus algorithm to verify transactions on the public ledger, and send them to be recorded
19 throughout the blockchain. The network's decision-making process is thus placed entirely in the hands
20 of those who run the consensus algorithm, with their own hardware and electricity, rather than any one
21 entity or individual.

22 51. The XRP Ledger consensus protocol, by contrast, relies on "trusted nodes" on Ripple's
23 Unique Node Lists ("UNL"). The UNL is the set of trusted nodes that communicate "reliable"

24 ⁶⁰ *Id.*

25 ⁶¹ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

26 ⁶² *Id.*

27 ⁶³ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912>.

1 information to other nodes on the XRP Ledger. Like miners in Bitcoin and Ethereum, these "trusted
 2 nodes" validate transactions. However, unlike those miners, the trusted nodes are either selected, or
 3 controlled, by Ripple itself. Ripple provides its own default and recommended UNL – comprised of
 4 only five Ripple-hosted nodes. Although Ripple claims it plans to decentralize the network, it admits
 5 that it will only remove its own "trusted nodes" if it decides that other validator nodes are reliable,
 6 reputable, stable and secure.⁶⁴ Ripple's view of decentralization of the XRP Ledger still involves Ripple
 7 maintaining full control over the XRP Ledger, and deciding who owns and operates any third-party
 8 "trusted nodes."

9 52. In February 2018, BitMEX Research, a blockchain research group, installed and ran a
 10 copy of Rippled (the software that allows users to run nodes on the XRP Ledger).⁶⁵ According to
 11 BitMEX Research, "[t]he node operated by downloading a list of five public keys from the server
 12 v1.ripple.com."⁶⁶ The report continued: "The software indicates that four of the five keys are required
 13 to support a proposal in order for it to be accepted [on the XRP Ledger]."⁶⁷ However, "[a]ll five keys
 14 are assigned to Ripple.com."⁶⁸ BitMEX Research concluded that "[s]ince the keys were all downloaded
 15 from the Ripple.com server, *Ripple is essentially in complete control of moving the ledger forward*, so
 16 one could say *the system is centralized*."⁶⁹ As a result, BitMEX Research found that "the Ripple
 17 system appears for all practical purposes to be centralized and is therefore perhaps devoid of any
 18
 19

20 ⁶⁴ Rome Reginelli, *Decentralization Strategy Update* (Oct. 17, 2017), [https://ripple.com/dev-](https://ripple.com/dev-blog/decentralization-strategy-update/)
 21 [blog/decentralization-strategy-update/](https://ripple.com/dev-blog/decentralization-strategy-update/); Stephan Thomas, *How We Are Further Decentralizing the XRP*
 22 *Ledger to Bolster Robustness for Enterprise Use*, [https://ripple.com/insights/how-we-are-further-](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/)
 23 [decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rel-to-bolster-robustness-for-enterprise-use/).

24 ⁶⁵ *The Ripple Story*, BitMEX Research (Feb. 6, 2018) <https://blog.bitmex.com/the-ripple-story/>.

25 ⁶⁶ *Id.*

26 ⁶⁷ *Id.*

27 ⁶⁸ *Id.*

28 ⁶⁹ *Id.*

1 interesting technical characteristics, such as censorship resistance, which coins like Bitcoin may
2 have."⁷⁰

3 53. Ripple's control over the XRP Ledger and the flow of XRP was put on dramatic display
4 in 2015, when it exerted this control to freeze the sale of approximately 96 million XRP, worth about \$1
5 million at the time, by Company co-founder McCaleb. Ripple received heavy criticism for the incident.
6 As noted by one cryptocurrency blog: "This incident is a reminder of the fact that despite its constant
7 portrayal as a semi-decentralized currency, there's a lot of control that can be exercised upon your XRP
8 by the company!"⁷¹

9 54. As additional indications of centralization and control over every XRP transaction,
10 Ripple is continuously updating the Ripple ecosystem. The implementation of gateway freezes, such as
11 the one used to freeze McCaleb's attempted XRP sale, is one example of an XRP system update by
12 Ripple, which the Company activated in August 2014.

13 55. Ripple's XRP product manager, Warren Paul Anderson ("Anderson"), frequently markets
14 the XRP Ledger's dependence on Ripple's continued commitment to it. For example, on December 14,
15 2016, he tweeted: "Thrilled to have the rippled team in town for a summit to discuss the future of
16 @Ripple Consensus Ledger & XRP as a native digital asset!"⁷² Approximately a year later, in
17 December 2017, he retweeted his earlier statement, saying "It's that time of year again, and what a year
18 it's been! #XRP Ledger (rippled) core developers in town @Ripple for a summit to discuss planning for
19 2018."⁷³ Later that same day, Anderson posted a picture of Ripple engineers with the caption: "A great
20 day of reflection & planning @Ripple w/ the greatest C++ engineering team in the world #XRP."⁷⁴ On
21

22
23 ⁷⁰ *Id.*

24 ⁷¹ <https://cryptocrimson.com/news/ripple-freezes-bitstamp-funds-co-founder>.

25 ⁷² @warpaul, <https://twitter.com/warpaul/status/809047284717469696>.

26 ⁷³ @warpaul, <https://twitter.com/warpaul/status/940970970759573505>.

27 ⁷⁴ @warpaul, <https://twitter.com/warpaul/status/941087297360994304>.
28

1 that same day, Ripple's head of cryptography tweeted: "Today, all the \$XRP Ledger developers at
2 @Ripple are in SF to reflect on 2017 and plan for 2018."⁷⁵

3 56. Later in the month, on December 29, 2017, a Ripple software engineer, Nik Bougalis
4 ("Bougalis"), tweeted: "I've been working on code review for the last couple days. Excited to get
5 rippled 0.90.0 out the door,"⁷⁶ indicating that Ripple was working to launch a new version of Rippled
6 and thereby advance the XRP Ledger. Following, Ripple's release of a Rippled upgrade, Bougalis
7 tweeted: "The @Ripple C++ team has released rippled 0.90.0. Cool new features: history sharding,
8 deposit authorizations, checks and more!"⁷⁷

9 57. On March 5, 2018, Bougalis similarly reposted a tweet defending investing in XRP by
10 stating, "So you'd invest in Linux, not Microsoft. In UseNet, not Google. In MySQL, not Oracle. Good
11 luck with your portfolio. *Ripple is the next Google*. You're stuck in the silly idea that *a company can't*
12 *build a digital asset, even when it does this right under your nose*," with the caption: "Now that's a mic
13 drop, if I've ever seen one."⁷⁸ In other words, as acknowledged by Ripple's own employees, the value
14 of XRP is tied directly to the security's centralization in Ripple and the business, operations, success
15 and prospects of the Company.

16 **XRP Is a Security**

17 58. XRP, despite its name as a "token," is actually a security under California law. In
18 particular: (i) Ripple uses the funds it raised from the sale of XRP to fund its business ventures; (ii) the
19 Company indiscriminately offers XRP for sale to the public at large; (iii) plaintiff and the Class (as
20 defined herein) are effectively powerless to control the success of Ripple and XRP; and (iv) plaintiff
21 and the Class members' investment is substantially at risk, and is without any security.

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24 ⁷⁵ @JoelKatz, <https://twitter.com/JoelKatz/status/940974743733153792>.

25 ⁷⁶ @nbougalis, <https://twitter.com/nbougalis/status/946829572145741824>.

26 ⁷⁷ @nbougalis, <https://twitter.com/nbougalis/status/966106932925882368>.

27 ⁷⁸ @nbougalis, <https://twitter.com/nbougalis/status/970733741319503872>.

59. Plaintiff and the Class invested in XRP as a common enterprise with the expectation of profits derived solely from the efforts of Ripple and its employees. Plaintiff and the Class used fiat and other digital currencies, such as Bitcoin and Ethereum, to purchase XRP. The expected profits and returns on these investments are directly intertwined with the business and operations of Ripple. Ripple acknowledges that it "sells XRP to fund its operations and promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple protocol and network."⁷⁹ Similarly, Garlinghouse has conceded that Ripple's "self-interest is aligned with building and maintaining a healthy XRP market."

60. The success of XRP and the development of the XRP ecosystem is uniquely centralized in Ripple. The Company created the XRP Ledger and all 100 billion XRP in existence, and concedes that it "sells XRP to fund its operations and promote the network," in order "to have a spectacularly skilled team to develop[] and promote the Ripple protocol and network."⁸⁰ As of May 6, 2018, Ripple held over 60.8 billion XRP – more than 60% of the XRP in existence.⁸¹

61. In addition, Ripple directly influences the supply of XRP by locking more than half the supply of XRP in escrow to provide "supply predictability and trusted, healthy \$XRP markets."⁸² Ripple exercises near complete control over the XRP Ledger itself. As noted by BitMEX Research, "Ripple is essentially in complete control of moving the ledger forward, so one could say the system is centralized [sic]."⁸³ Ripple touts its control over the XRP Ledger as an advantage for XRP, contending that governance "may be where XRP most significantly distinguishes itself [from Bitcoin, Ethereum,

⁷⁹ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network.

⁸⁰ *Id.*

⁸¹ Market Performance, <https://ripple.com/xrp/market-performance/> (last visited May 23, 2018).

⁸² Q4 2017 XRP Markets Reports, <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

⁸³ *The Ripple Story*, BitMEX Research (Feb. 6, 2018), <https://blog.bitmex.com/the-ripple-story/>.

1 and Litecoin] going forward."⁸⁴ Similarly, it has stated that "[b]uilding pivotal infrastructure on top of
2 technology that does not have clear governance is not palatable for large established companies."⁸⁵

3 62. Defendants themselves have recognized that XRP investors have a reasonable
4 expectation of profits derived from defendants' efforts to improve the XRP ecosystem, and have
5 publicly touted XRP's price performance on numerous occasions, as detailed herein. Ripple's website
6 even contains an "XRP Buying Guide" that provides links to exchanges and instructions on "How to
7 Buy XRP" on those exchanges.⁸⁶ Furthermore, Ripple has taken steps to promote XRP in an attempt to
8 increase the token's price or to justify its price appreciation, and the Company has issued a white paper
9 touting XRP's purported "ROI." Garlinghouse and other Ripple employees have publicly stated that
10 they are bullish investors on XRP.

11 63. Similarly, Ripple and its CEO have acknowledged that the value of XRP will be driven
12 by the XRP Ledger's usefulness in solving cross-border payments and its adoption by institutions.
13 Defendants have similarly touted adoption of Ripple's Enterprise Solutions, which are directly
14 correlated with the use case and likely value of XRP. In addition, defendants have pooled XRP
15 investments to fund projects to promote the XRP Ledger and interledger protocol, thereby increasing
16 the value of the XRP Ledger and XRP. For example, on April 11, 2018, Ripple announced that it had
17 "invested \$25 million in XRP to Blockchain Capital Parallel IV, LP," to "support and develop
18 additional [XRP] use cases beyond payments."⁸⁷ Ripple's Senior Vice President of Business
19 Development promoted this investment, tweeting: "Ripple's \$25 million investment in
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21
22

23 ⁸⁴ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

24 ⁸⁵ *Id.*

25 ⁸⁶ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/>.

26 ⁸⁷ *Ripple Invests \$25 Million to Drive Innovation in Blockchain and Digital Assets*,
27 [https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-](https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/)
28 [assets/](https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/).

1 @blockchaincap's new fund is the first and not the last contribution to ventures that further develop the
2 #blockchain and \$XRP ecosystems."⁸⁸

3 64. Plaintiff and the Class have entirely passive roles vis-à-vis the success of the XRP
4 Ledger and XRP. Rather, as defendants' own marketing makes clear, the profits reasonably expected to
5 be derived from investing in XRP are solely dependent on the technical, entrepreneurial, and managerial
6 efforts of defendants and their agents and employees. Plaintiff and the Class reasonably expected
7 defendants to provide significant managerial efforts, to develop and improve the XRP Ledger, to
8 develop and sustain a supportive network, and to secure exchanges through which XRP can be
9 exchanged. Defendants repeatedly represented that they would provide significant managerial efforts to
10 achieve these objectives and make the XRP ecosystem a success. The purchase of XRP is thus an
11 investment in a common enterprise, with an expectation of profits, solely from the efforts of defendants
12 and their affiliates.

13 **Recent SEC Guidance Undermines Ripple's Denials**

14 65. Ripple has long claimed that XRP is not a security. As recently as April 12, 2018,
15 Ripple's Chief Marketing Strategist told *CNBC* in an interview: "We absolutely are not a security. We
16 don't meet the standards for what a security is based on the history of court law."⁸⁹ Instead, Ripple
17 claims that XRP is a commodity, such as gold. Purchasers of XRP did not have any reason to challenge
18 these contentions from the Company, given the unclear state of regulation and quickly evolving and
19 uncharted landscape of blockchain technologies. This state of affairs has only recently changed, as
20 regulators have begun to provide clarifying guidance that undermines defendants' denials, and the
21 centralized nature of XRP in Ripple has become more apparent.

22 66. In July 2017, U.S. Securities and Exchange Commission ("SEC") began to question the
23 legality of unregistered token sales, such as the sales of XRP, and made clear that sellers of unregistered
24 securities cannot evade their obligations under the federal securities laws by elevating form over

25 ⁸⁸ @patgriffin9, <https://twitter.com/Ripple/status/984061347078987776>.

26 ⁸⁹ Kate Rooney, *Ripple says its cryptocurrency XRP is not a security*, *CNBC* (Apr. 12, 2018),
27 <https://www.cnn.com/2018/04/12/ripple-says-its-cryptocurrency-xrp-is-not-a-security.html>.

substance. On July 23, 2017, the SEC issued an "Investor Alert," which stated that the agency was "concerned that the rising use of virtual currencies in the global marketplace may entice fraudsters to lure investors into Ponzi and other schemes in which these currencies are used to facilitate fraudulent, or simply fabricated, investments or transactions."⁹⁰ The release warned that "the fraud may also involve an unregistered offering or trading platform" and promises of "high returns for getting in on the ground floor of a growing Internet phenomenon."⁹¹

67. On July 25, 2017, the SEC released an "Investor Bulletin" on ICOs. The bulletin stated that digital blockchain currencies "may be securities" under the facts and circumstances, and that such "virtual coins or tokens in an ICO *are subject to the federal securities laws*."⁹² The release continued in pertinent part:

A virtual currency is a digital representation of value that can be digitally traded and functions as a medium of exchange, unit of account, or store of value. Virtual tokens or coins may represent other rights as well. Accordingly, in certain cases, *the tokens or coins will be securities and may not be lawfully sold without registration with the SEC or pursuant to an exemption from registration.*

68. That same day, the SEC issued an investigative report concluding that the tokens issued by a blockchain and distributed ledger organization known as "The Dao" were, in fact, securities. The press release announcing the report stated that, "issuers of distributed ledger or blockchain technology-based securities *must register offers and sales of such securities unless a valid exemption applies*" and that those organizing unregistered offerings "may be liable for violations of the federal securities laws."⁹³ In the case of The Dao, the SEC found that even though the organization labeled its tokens as

⁹⁰ *Investor Alert: Ponzi Schemes Using Virtual Currencies*, https://www.sec.gov/investor/alerts/ia_virtualcurrencies.pdf.

⁹¹ *Id.*

⁹² *See Investor Bulletin: Initial Coin Offerings*, https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings.

⁹³ *See SEC Issues Investigative Report Concluding DAO Tokens a Digital Asset, Were Securities*, <https://www.sec.gov/news/press-release/2017-131>.

1 something other than securities, the virtual currency was subject to the registration requirements of the
2 federal securities laws as, in economic substance, it was a security.

3 69. On December 11, 2017, SEC Chairman Jay Clayton ("Clayton") issued another
4 statement on digital tokens. He confirmed that "[m]erely calling a token a 'utility' token or structuring it
5 to provide some utility does not prevent the token from being a security," and warned security offerors
6 that attempts to "elevate form over substance" could not obviate their obligations under the federal
7 securities laws.⁹⁴ Clayton continued in pertinent part:

8 *[C]ertain market professionals have attempted to highlight utility characteristics of*
9 *their proposed initial coin offerings in an effort to claim that their proposed tokens*
10 *or coins are not securities. Many of these assertions appear to elevate form over*
11 *substance. Merely calling a token a "utility" token or structuring it to provide*
12 *some utility does not prevent the token from being a security. Tokens and offerings*
13 *that incorporate features and marketing efforts that emphasize the potential for*
14 *profits based on the entrepreneurial or managerial efforts of others continue to*
15 *contain the hallmarks of a security under U.S. law. On this and other points where*
16 *the application of expertise and judgment is expected, I believe that gatekeepers and*
17 *others, including securities lawyers, accountants and consultants, need to focus on*
18 *their responsibilities. I urge you to be guided by the principal motivation for our*
19 *registration, offering process and disclosure requirements: investor protection and, in*
20 *particular, the protection of our Main Street investors.*

21 * * *

22 [M]any token offerings appear to have gone beyond this construct and are more
23 analogous to interests in a yet-to-be-built publishing house with the authors, books
24 and distribution networks all to come. *It is especially troubling when the promoters*
25 *of these offerings emphasize the secondary market trading potential of these*
26 *tokens. Prospective purchasers are being sold on the potential for tokens to*
27 *increase in value – with the ability to lock in those increases by reselling the tokens*
28 *on a secondary market – or to otherwise profit from the tokens based on the efforts*
of others. These are key hallmarks of a security and a securities offering.

By and large, the structures of initial coin offerings that I have seen promoted
involve the offer and sale of securities and directly implicate the securities
registration requirements and other investor protection provisions of our federal
securities laws. Generally speaking, these laws provide that investors deserve to
know what they are investing in and the relevant risks involved.

70. Clayton could have been referring directly to Ripple and defendants' attempts to tout the
profit-making potential of investing in XRP tokens on the one hand, while disclaiming any

⁹⁴ See Jay Clayton, *Statement on Cryptocurrencies and Initial Coin Offerings*, SEC (Dec. 11, 2017).

responsibilities to comply with applicable securities laws on the other. The SEC has since launched dozens of investigations into cryptocurrency startups.

71. For the integrity of the U.S. securities markets, defendants' attempts to circumvent important investor safeguards must fail. Although cryptocurrencies represent something of a new investing frontier, the old adage rings true: "If it looks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck." Here, XRP has all of the hallmarks of a security, and defendants' denial does nothing to diminish their obligations to register these securities under applicable securities laws.

72. In light of recent SEC statements, there can now be little doubt that XRP tokens constitute securities. Despite this fact, defendants have failed to register the securities in accordance with applicable laws and regulations, before offering and selling them to the investing public. Further, the sale of XRP was not subject to any exemption or exceptions to the registration requirements available under state or federal law. As a result, the offer and sale of XRP was unlawful, and defendants are liable to plaintiff and the Class as purchasers of XRP as alleged herein.

CLASS ACTION ALLEGATIONS

73. Plaintiff brings this action as a class action pursuant to §382 of the California Code of Civil Procedure on behalf of a class consisting of all citizens of California who purchased XRP (the "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates of the defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which defendants have or had a controlling interest.

74. The members of the Class are so numerous that joinder of all members is impracticable. Hundreds of millions of XRP have been sold by defendants. While the exact number of Class members are unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are thousands of members in the proposed Class.

75. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

1 76. Plaintiff will fairly and adequately protect the interests of the members of the Class and
2 has retained counsel, who is competent and experienced in class and securities litigation.

3 77. Common questions of law and fact exist as to all members of the Class and predominate
4 over any questions solely affecting individual members of the Class. Among the questions of law and
5 fact common to the Class are:

- 6 (a) whether defendants violated the Corporations Code;
- 7 (b) whether XRP are securities;
- 8 (c) whether XRP were required to be registered under applicable laws;
- 9 (d) whether plaintiff and the Class are entitled to rescind their purchases of XRP; and
- 10 (e) to what extent the members of the Class have sustained damages and the proper
11 measure of damages.

12 78. A class action is superior to all other available methods for the fair and efficient
13 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
14 damages suffered by individual Class members may be relatively small, the expense and burden of
15 individual litigation make it impossible for members of the Class to individually redress the wrongs
16 done to them. There will be no difficulty in the management of this action as a class action.

17 **FIRST CAUSE OF ACTION**

18 **For Violation of §§25110 and 25503 of the Corporations Code 19 Against All Defendants**

20 79. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

21 80. This Cause of Action is brought pursuant to §§25110 and 25503 of the Corporations
22 Code against all defendants.

23 81. As detailed herein, XRP is a security.

24 82. Defendants failed to qualify XRP with the Commissioner of Corporations and XRP did
25 not qualify for an exemption from registration.

26 83. Defendants sold XRP to plaintiff and the Class, in violation of §25110, which makes it "
27 unlawful for any person to offer or sell in this state any security in an issuer transaction ... unless such
28

1 sale has been qualified ... or unless such security or transaction is exempted or not subject to
2 qualification."

3 84. As such, Garlinghouse and Ripple have participated in the unlawful sale of securities in
4 violation of the Corporations Code, and are liable to plaintiff and the Class for rescission and/or
5 compensatory damages under §25503.

6 **SECOND CAUSE OF ACTION**

7 **For Violation of §25504 of the Corporations Code**
8 **Against Ripple and Garlinghouse**

9 85. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

10 86. This Cause of Action is brought pursuant to §25504 of the Corporations Code against
11 Ripple and Garlinghouse.

12 87. Due to his position within the Company and role, vis-à-vis, the XRP Ledger, ownership
13 interest in and control over Ripple, Garlinghouse acted as a controlling person of Ripple and XRP II
14 within the meaning of §25504 of the Corporations Code as alleged herein. By virtue of his position as
15 CEO and his participation in and/or awareness of Ripple's operations, Garlinghouse had the power to
16 influence and control, and did influence and control, directly or indirectly, the decision-making, relating
17 to the sale of XRP and the failure to register these sales.

18 88. Ripple controlled XRP II, as the parent of XRP II, and the various actors responsible for
19 the advancement of the XRP ecosystem. In addition, Ripple controlled Garlinghouse and all of his
20 employees.

21 89. Ripple and Garlinghouse also controlled the flow of XRP, the advancement of the XRP
22 Ledger, and the means by which transactions in XRP and the offer and sale of XRP occurred, including
23 their ability to freeze XRP accounts and control the flow of XRP through various exchanges and the
24 other indications of control alleged herein. By virtue of their own acts, and their positions of control
25 and influence, Ripple and Garlinghouse materially aided in the acts and transactions constituting the
26 violations alleged herein.

27 90. By virtue of the foregoing, defendants are liable to plaintiff and the Class as secondary
28 actors under §25504 of the Corporations Code.

91. As such, Garlinghouse and Ripple have participated in an unregistered sale of securities in violation of the Corporations Code, and are liable to plaintiff and the Class for rescission and/or compensatory damages.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action and certifying plaintiff as a class representative and plaintiff's counsel as Lead Counsel;

B. Declaring that XRP is a security and that defendants' unregistered sales of XRP violated applicable law;

C. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

D. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

E. Awarding rescission or a rescissionary measure of damages; and

F. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff respectfully requests a trial by jury on all issues so triable.

Dated: June 27, 2018

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO


BRIAN J. ROBBINS

600 B Street, Suite 1900
San Diego, CA 92101
Telephone: (619) 525-3990
Facsimile: (619) 525-3991
E-mail: brobbs@robbinsarroyo.com
sodd@robbinsarroyo.com
ecarrino@robbinsarroyo.com

Attorneys for Plaintiff

1275287

NOTICE OF CASE MANAGEMENT CONFERENCE

FILED
SAN MATEO COUNTYCase No: **18CIV03332**

JUN 27 2018

Date: **OCT 25 2018**Clerk of the Superior Court
By 
DEPUTY CLERK

Time 9:00 a.m.

Dept. 21 --on Tuesday & Thursday
Dept. _____ --on Wednesday & Friday

You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:
 - a) Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
 - b) Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
 - c) File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
 - d) Meet and confer, in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.
2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.
3. Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
4. Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
5. If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
6. You are further ordered to appear in person* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
7. The Case Management Judge will issue orders at the conclusion of the conference that may include:
 - a) Referring parties to voluntary ADR and setting an ADR completion date;
 - b) Dismissing or severing claims or parties;
 - c) Setting a trial date.
8. The Case Management Judge may be the trial judge in this case.

18 - CIV - 03332
NCMC
Notice of Case Management Conference
1232947



For further information regarding case management policies and procedures, see the court's website at: www.sanmateocourt.org

*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

8/29
PJ



SUPERIOR COURT OF SAN MATEO COUNTY
Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

18 - CIV - 03332
NCCSC
Notice of Complex Case Status Conference
1233022



DAVID OCONER Plaintiff (s) vs. RIPPLE LABS, INC. Defendant (s)	Notice of Complex Case Status Conference Case No.: 18-CIV-03332 Date: 8/29/2018 Time: 9:00 AM Dept. PJ
Title: DAVID OCONER VS. RIPPLE LABS, INC., ET AL	

You are hereby given notice of your Complex Case Status Conference. The date, time and department have been written above. At this conference, the Presiding Judge will decide whether this action is a complex case within the meaning of California Rules Court ("CRC"), Rule 3.400, subdivision (a) and whether it should be assigned to a single judge for all purposes.

- In accordance with applicable **San Mateo County Local Rule 2.30**, you are hereby ordered to:
 - Serve** copies of this notice, your Civil Case Cover Sheet, and your Certificate Re: Complex Case Designation on all named parties in this action no later than service of your first appearance pleadings.
 - Give reason notice** of the Complex Case Status Conference to all named parties in this action, even if they have not yet made a first appearance or been formally served with the documents listed in subdivision (a). Such notice shall be given in the same manner as required for an ex parte application pursuant to CRC 3.1203.
- If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Complex Cause Status Conference. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.**
- An action is provisionally a complex case if it involves one or more of the following types of claims: (1) antitrust or trade regulation claims; (2) construction defect claims involving many parties or structures; (3) securities claims or investment losses involving many parties; (4) environmental or toxic tort claims involving many parties; (5) claims involving massive torts; (6) claims involving class actions; or (7) insurance coverage claims arising out of any of the claims listed in subdivisions (1) through (6). The Court shall treat a provisionally complex action as a complex case until the Presiding Judge has the opportunities to decide whether the action meets the definition in CRC 3.400(a).
- Any party who files either a Civil Case Cover Sheet (pursuant to CRC 3.401) or counter or joinder Civil Case Cover Sheet (pursuant to CRC 3.402, subdivision (b) or (C)), designating an action as a complex case in Items 1,2 and/or 5, must also file an accompanying Certificate Re: Complex Case Designation in the form prescribed by the Court. The certificate must include supporting information showing a reasonable basis for the complex case designation being sought. Such supporting information may include, without limitation, a brief description of the following factors as they pertain to the particular action: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision.

For further information regarding case management policies and procedures, see the court website at www.sanmateocourt.org

* Telephone appearances at Complex Case Status Conference are available by contacting CourtCall, LLC, and independent vendor, at least 5 business days prior to the scheduled conference.

CLERK'S CERTIFICATE OF MAILING

I hereby certify that I am the clerk of this court, not a party of this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this court as set forth above, and by then sealing said envelopes and depositing same, with postage fully pre-paid thereon, in the United States Mail at Red wood City, California.

Date: 6/27/2018

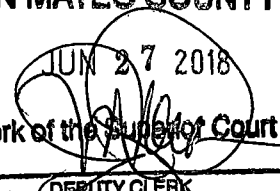

Rodina M. Catalano,
Court Executive Officer/Clerk

By: _____

Mirna Rivera-Martinez,
Deputy Clerk

Copies mailed to:

BRIAN J ROBBINS
600 B STREET
SUITE 1900
SAN DIEGO CA 92101

Attorney or Party without Attorney (Name/Address) Brian J. Robbins ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 State Bar No.: 190264 Attorney for: Plaintiff David Oconer		FOR COURT USE ONLY FILED SAN MATEO COUNTY JUN 27 2018 Clerk of the Superior Court By  DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063		
Plaintiff	David Oconer	18 - CIV - 03332 CRCCD Certificate Re: Complex Case Designation 1232951 
Defendant	Ripple Labs Inc., et al.	
Certificate Re Complex Case Designation		Case Number 18C1V03332

This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation

- In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case ~~for a complex case~~ because at least one or more of the following boxes has been checked:

 - ☒ Box 1 – Case type that is best described as being ~~for not being~~ provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
 - ☒ Box 2 – Complex ~~for not complex~~ due to factors requiring exceptional judicial management
 - ☒ Box 5 – Is ~~for is not~~ a class action suit.
- This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision]:

This case is provisionally complex as it involves securities claims. In addition, it is
being designated complex due to the large number of parties/witnesses, the
complexity of factual and/or legal issues, and because certification of a putative
class will be pursued.

(attach additional pages if necessary)

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation ~~for non-complex case counter-designation~~ being made in the attached Civil Case Cover Sheet.

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: June 27, 2018

Brian J. Robbins

[Type or Print Name]


[Signature of Party or Attorney For Party]

SUM-100

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

RIFFLE LABS INC., XRP II, LLC, BRADLEY GARLINGHOUSE,
and DOES 1-25, Inclusive

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

DAVID OCONER, Individually and on Behalf of All Others Similarly
Situados

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)
FILED
SAN MATEO COUNTY

JUN 27 2018
of the Superior Court
DEPUTY CLERK

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): Superior Court of San Mateo County

400 County Center
Redwood City, CA 94063

CASE NUMBER

(Número de Caso) 18CIV03332

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Brian J. Robbins, ROBBINS ARROYO LLP, 600 B Street, Suite 1900, San Diego, CA 92101, (619) 525-3990

DATE:

(Fecha)

JUN 27 2018

BODINA M. CATALANO
Clerk
(Secretario)

Deputy
(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010).)

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

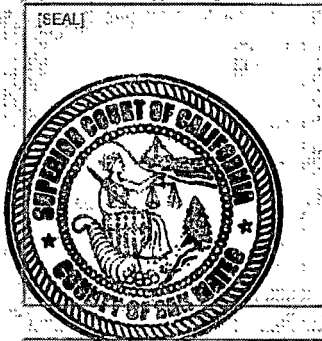
- under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):

4. ☐ by personal delivery on (date):

18 - CIV - 03332

SUM


Summons Issued / Filed
1232944



Form Adopted for Mandatory Use
Judicial Council of California
SUM-100 (Rev. July 1, 2003)

SUMMONS

Page 1 of 1
Code of Civil Procedure §§ 412.20, 465
www.courtinfo.ca.gov

	<p align="center">SUPERIOR COURT OF SAN MATEO COUNTY 400 County Center, Redwood City, CA 94063 www.sanmateocourt.org</p>	<p>FOR COURT USE ONLY</p> <p align="center">FILED SAN MATEO COUNTY</p> <p align="center">AUG 29 2018</p> <p align="center">Clerk of the Superior Court</p> <p align="center">By <u>IM</u> DEPUTY CLERK</p> <hr/> <p>CASE NUMBER: 18-CIV-03332</p>
<p>PLAINTIFF: DAVID OCONER</p> <p>DEFENDANT: RIPPLE LABS, INC.; XRP II, LLC; BRADLEY GARLINGHOUSE; DOES 1-25, By INCLUSIVE</p>		
<p align="center">CLERK'S NOTICE OF FEES DUE COMPLEX LITIGATION DESIGNATION</p>		

PARTY INFORMATION:

DAVID OCONER No Known Address

RIPPLE LABS INC No Known Address

XRP II LLC No Known Address

BRADLEY GARLINGHOUSE No Known Address

DOES 1-25 INCLUSIVE No Known Address

BRIAN J ROBBINS 600 B STREET SUITE 1900 SAN DIEGO CA 92101

18 - CIV - 03332
FDCL
Clerk's Notice of Fees Due Complex Litigation
1351305

**COUNSEL (FOR PRO/PER) INFORMATION:**

BRIAN J ROBBINS 600 B STREET SUITE 1900 SAN DIEGO CA 92101

You are hereby notified that the court has designed your case as a complex case. Pursuant to Government Code section 70616 you are required to pay the following fees:

Plaintiff(s) A single complex case fee of \$1,000 shall be paid on behalf of all plaintiffs, either filing separately or jointly to be paid at the same time as designated in Government Code section 70616(a).

Defendant(s) A complex case fee of \$1,000 shall be paid by each defendant, intervenor, respondent, or adverse party, whether filing separately or jointly, up to the total complex fees collected from all defendants, intervenors, respondents, or other adverse parties appearing not to exceed \$18,000. These fees are to be paid at the time as designated in Govt.C. §70616(b). (Govt.C. §70616(b) and (d))

You are required to bring this notice to the clerk's office, civil division, and deposit the required fee within the statutory time period of 10 days from the date indicated on this Notice. Failure to pay the required fee will result in a delay of your case as provided for under Government Code section 70616 and the Code of Civil Procedure section 411.20.

Please disregard this notice if you have paid this fee prior to receipt of this Notice. If you paid this fee more than 10 days ago, please contact the Clerk's Office at (650) 261-5100.

You are required to bring this worksheet to the clerk's office as directed, and deposit the required fees and you are to present your receipt to the courtroom clerk as proof of payment. Failure to pay the required fees could result in a delay of your case.

Date: 8/29/2018

Rodina M. Catalano, Court Executive Officer/Clerk

CLERK'S CERTIFICATE OF MAILING

I hereby certify that I am the clerk of this Court, not a party to this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this Court and by then

sealing said envelopes and depositing same, with postage fully rep-paid thereon, in the United States Mail at Redwood City California.

Date: 8/29/2018

By: _____

Ivy Jomoc, Courtroom Clerk

FILED
SAN MATEO COUNTY

AUG 29 2018

Clerk of the Superior Court

By  DEPUTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF SAN MATEO

DAVID OCONER, Individually and on Behalf of All
Others Similarly Situated,

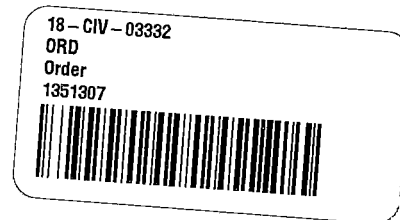
Plaintiff,

v.

RIPPLE LABS, INC.,
XRP II LLC,
BRADLEY GARLINGHOUSE, and
and DOES 1-25, inclusive,

Defendants.

Case No. 18CIV03332

**ORDER DESIGNATING CASE
COMPLEX AND ASSIGNING CASE
FOR ALL PURPOSES**

Pursuant to Judge Etezadi's order on August 29, 2018, this matter is provisionally deemed and designated COMPLEX, and is assigned to Judge Marie S. Weiner, Department 2, for all purposes. The parties are directed to contact Judge Weiner's Department at 650-261-5102 to set a date for future status conference or other hearing.

Dated: August 29, 2018

SUSAN IRENE ETEZADI
PRESIDING JUDGE



SUPERIOR COURT OF SAN MATEO COUNTY

Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

FILED
SAN MATEO COUNTY

AUG 29 2018

Clerk of the Superior Court

By [Signature]
DEPUTY CLERK

AFFIDAVIT OF MAILING

Date: 8/29/2018

In the Matter of: DAVID OCONER vs. RIPPLE LABS, INC., et al
Case No.: 18-CIV-03332

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) **ORDER DESIGNATING CASE COMPLEX AND ASSIGNING CASE FOR ALL PURPOSES**, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 8/29/2018

Rodina M. Catalano, Court Executive Officer/Clerk

By: [Signature]
Ivy Jomoc, Deputy Clerk

Copies Mailed To:

BRIAN J ROBBINS
600 B STREET
SUITE 1900
SAN DIEGO CA 92101

18 - CIV - 03332
AFM
Affidavit of Mailing
1351309



August 29, 2018 Presiding Judge Law and Motion Calendar PAGE 2

Judge: HONORABLE SUSAN IRENE ETEZADI, Department 18

9:00

LINE: 2

18-CIV-03332 DAVID OCONER VS. RIPPLE LABS, INC., ET AL.

DAVID OCONER
RIPPLE LABS, INC.

BRIAN J. ROBBINS

COMPLEX CASE STATUS CONFERENCE

TENTATIVE RULING:

This matter is provisionally deemed and designated as COMPLEX, and is assigned to Judge Marie S. Weiner, Department 2, for all purposes. The parties are directed to contact Judge Weiner's Department at 650-261-5102 to set a date for future status conferences or other hearings.

If the tentative ruling is uncontested, it shall become the order of the Court, pursuant to Rule 3.1308(a)(1), adopted by Local Rule 3.10, effective immediately, and no formal order pursuant to Rule 3.1312 or any other notice is required as the tentative ruling affords sufficient notice to the parties.

POSTED: 3:00 PM

18 - CIV - 03332

ORD

Order

1358868



ROBBINS ARROYO LLP
 BRIAN J. ROBBINS (190264)
 STEPHEN J. ODDO (174828)
 ERIC M. CARRINO (310765)
 600 B Street, Suite 1900
 San Diego, CA 92101
 Telephone: (619) 525-3990
 Facsimile: (619) 525-3991
 E-mail: brobbins@robbinsarroyo.com
 soddo@robbinsarroyo.com
 ecarrino@robbinsarroyo.com

Attorneys for Plaintiffs
 Vladi Zakinov and David Oconer

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

Case No. 18-CIV-02845

CLASS ACTION

STIPULATION AND [PROPOSED]
 ORDER CONSOLIDATING RELATED
 ACTIONS AND RELATED MATTERS

Judge: Richard H. DuBois

Dept: 16

Date Action Filed: June 5, 2018

DAVID OCONER, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

Case No. 18-CIV-03332

18 - CIV - 02845

SO

Stipulation & Order

1352929



Judge: Robert D. Foiles

Dept: 21

Date Action Filed: June 27, 2018

STIPULATION & [PROPOSED] ORDER CONSOLIDATING RELATED ACTIONS & RELATED MATTERS

File By Fax

2. In an effort to assure consistent rulings and decisions and the avoidance of unnecessary duplication of effort, counsel for the respective parties in the Related Actions hereby enter into this Stipulation and [Proposed] Order Consolidating Related Actions and Related Matters (the "Stipulation").

3. Counsel for the parties to this Stipulation include Robbins Arroyo LLP ("Robbins Arroyo") and Robbins Geller Rudman & Dowd LLP ("Robbins Geller") on behalf of plaintiff Vladi Zakinov; Robbins Arroyo on behalf of David Oconer (collectively, "Plaintiffs"); Skadden, Arps, Slate, Meagher & Flom LLP and Debevoise & Plimpton LLP on behalf of defendants Ripple Labs, Inc., XRP II, LLC, and Bradley Garlinghouse (collectively, "Defendants").

4. The parties agree that it would be duplicative and wasteful of the Court's resources for Defendants named in the Related Actions to have to respond to the individual complaints prior to the agreed upon consolidation and in light of the anticipated filing of a consolidated complaint. Therefore, the parties agree that Defendants need not respond to the individual complaints that have already been filed in this Court.

19 5. On August 8, 2018, the Zakinov action was designated as complex. On August
20 21, 2018, it was assigned to the Honorable Richard H. DuBois, Department 16, for all purposes.
21 A complex case status conference in the Oconer action is set for August 29, 2018.

CONSOLIDATION

23 6. The following Related Actions are hereby consolidated for all purposes,
24 including pre-trial proceedings and trial (the "Consolidated Action"):

25	<u>Abbreviated Case Name</u>	<u>Case Number</u>	<u>Date Filed</u>
26	<i>Zakinov v. Ripple Labs Inc.</i>	18-CIV-02845	6/5/2018
27	<i>Oconer v. Ripple Labs Inc.</i>	18-CIV-03332	6/27/2018

Every pleading filed in the Consolidated Action, or in any separate action included herein, shall bear the following caption:

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION

) Lead Case No. 18-CIV-02845

This Document Relates To:

) (Consolidated with Case No. 18-CIV-03332)

ALL ACTIONS.

) CLASS ACTION

7. The files of the Consolidated Action shall be maintained in one file under Master File No. 18-CIV-02845.

8. Plaintiffs shall either designate a complaint as operative or file a Consolidated Complaint ("Consolidated Complaint") within 45 days after entry of this order, unless otherwise agreed upon by the parties. If filed, the Consolidated Complaint shall be the operative complaint and shall supersede all complaints filed in any of the actions consolidated herein. Defendants shall respond to the operative complaint or Consolidated Complaint within 45 days after service, unless otherwise agreed by the parties. In the event that Defendants file any motions directed at the operative complaint or Consolidated Complaint, the opposition and reply briefs shall be filed within 45 and 20 days, respectively, of the motions, unless otherwise agreed upon by the parties. Counsel agrees to confer to select a hearing date.

APPOINTMENT OF A LEADERSHIP STRUCTURE

9. The Plaintiffs agree that Robbins Arroyo and Robbins Geller shall serve as Co-Lead Counsel for Plaintiffs ("Co-Lead Counsel") in the Consolidated Action, and Defendants take no position on the Court's appointment of Co-Lead Counsel for Plaintiffs or the responsibilities assumed by that Co-Lead Counsel.

10. Plaintiffs agree that Co-Lead Counsel shall have sole authority to speak for Plaintiffs in matters regarding pre-trial procedure, trial, and settlement and shall make all work

1 assignments in such manner as to facilitate the orderly and efficient prosecution of the
2 Consolidated Action and to avoid duplicative or unproductive effort.

3 11. Plaintiffs agree that Co-Lead Counsel shall be responsible for coordinating all
4 activities and appearances on behalf of Plaintiffs. No motion, request for discovery, or other
5 pre-trial or trial proceedings shall be initiated or filed by any Plaintiff except through Co-Lead
6 Counsel.

7 12. Plaintiffs agree that Co-Lead Counsel shall be available and responsible for
8 communications to and from this Court, including distributing orders and other directions from
9 the Court to counsel, and shall be responsible for communication with Defendants' counsel on
10 matters of case administration and scheduling. Co-Lead Counsel shall further be responsible for
11 creating and maintaining a master service list of all parties and their respective counsel.

12 13. Defendants' counsel may rely upon all agreements made with Co-Lead Counsel,
13 or other duly authorized representative of Co-Lead Counsel, and such agreements shall be
14 binding on all Plaintiffs.

15 **RELATED MATTERS**

16 14. This Order shall apply to each case, arising out of the same or similar
17 transactions and/or events as the Related Actions which is currently pending in, subsequently
18 filed in, remanded to, or transferred to this Court.

19 15. When a case which properly belongs as part of the *In re Ripple Labs Inc.*
20 *Litigation*, Lead Case No. 18-CIV-02845, is hereafter or has been filed in, remanded to, or
21 transferred to this Court, counsel for the parties shall call such filing, remand, or transfer to the
22 attention of the clerk of this Court for purposes of moving the Court for an order consolidating
23 such case(s) with *In re Ripple Labs Inc. Litigation*, Lead Case No. 18-CIV-02845. Counsel for
24 the parties will further assist in assuring that counsel for the parties in such subsequent action(s)
25 receive notice of this Order.

1 IT IS SO STIPULATED.

2 DATED: 8/22/18

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
STEPHEN J. ODDO
ERIC M. CARRINO


STEPHEN J. ODDO

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Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiffs Vladi Zakinov and
David Oconer

12 DATED: 8/22/18

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Counsel for Plaintiff Vladi Zakinov

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E-mail: shawnw@rgrdlaw.com

Additional counsel for Plaintiff Vladi Zakinov

1 DATED:

8/22/18

SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP

Peter Morrison / by permission
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Counsel for defendants Ripple Labs Inc., XRP
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1286406

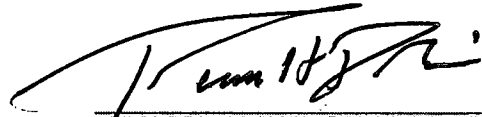
ORDER

The above Stipulation Consolidating Related Actions and Related Matters having been considered, and good cause appearing therefore,

IT IS SO ORDERED.

DATED:

8-29-18



HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 23, 2018, I served the following document(s):

STIPULATION AND [PROPOSED] ORDER CONSOLIDATING RELATED
ACTIONS AND RELATED MATTERS

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

By causing the document(s) listed above to be served by a courier service on the following parties:

By depositing in a box or other facility regularly maintained by UPS, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 23, 2018, at San Diego, California.



KATHERINE B. SCHEELE

Zakinov v. Ripple Labs Inc., et al., Case No. 18CIV02845;
Oconer v. Ripple Labs Inc., et al., Case No. 18CIV03332

COUNSEL FOR PLAINTIFFS

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Eric M. Carrino
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Co-Lead Counsel for Plaintiffs

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION

) Lead Case No. 18-CIV-02845

This Document Relates To:

) (Consolidated with Case No. 18-CIV-03332)

ALL ACTIONS.

) CLASS ACTION

) NOTICE OF ENTRY OF ORDER

) Judge: Hon. Richard H. DuBois

) Dept: 16

) Date Action Filed: June 5, 2018

1 TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on August 30, 2018, the Court entered the
3 Stipulation and Order Consolidating Related Actions and Related Matters, a true and correct
4 copy of which is attached hereto as Exhibit A.

5 DATED: August 31, 2018

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STEPHEN J. ODDO
ERIC M. CARRINO

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Facsimile: (415) 288-4534
E-mail: shawnw@rgrdlaw.com

25 Additional counsel for Plaintiff Vladi Zakinov

26 1292660

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 31, 2018, I served the following document(s):

NOTICE OF ENTRY OF ORDER

— By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

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— Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 31, 2018, at San Diego, California.


KATHERINE B. SCHEELE

In re Ripple Labs Inc. Litigation, Lead Case No. 18CIV02845

COUNSEL FOR PLAINTIFFS

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Co-Lead Counsel for Plaintiffs

COUNSEL FOR DEFENDANTS

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aceresney@debevoise.com

*Counsel for defendants Ripple Labs Inc., XRP
II, LLC, and Bradley Garlinghouse*

EXHIBIT A

ROBBINS ARROYO LLP
 BRIAN J. ROBBINS (190264)
 STEPHEN J. ODDO (174828)
 ERIC M. CARRINO (310765)
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Attorneys for Plaintiffs
 Vladi Zakinov and David Oconer

[Additional counsel appear on signature page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

VLADI ZAKINOV, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

DAVID OCONER, Individually and on
 Behalf of All Others Similarly Situated,

Plaintiff,

v.

RIPPLE LABS INC., XRP II, LLC,
 BRADLEY GARLINGHOUSE, and DOES
 1-25, Inclusive,

Defendants.

FILED
SAN MATEO COUNTY

AUG 30 2018

Clerk of the Superior Court
 By
 DEPUTY CLERK

Case No. 18-CIV-02845

CLASS ACTION

STIPULATION AND [PROPOSED]
 ORDER CONSOLIDATING RELATED
 ACTIONS AND RELATED MATTERS

Judge: Richard H. DuBois
 Dept: 16
 Date Action Filed: June 5, 2018

Case No. 18-CIV-03332

18 - CIV - 02845
 SO
 Stipulation & Order
 1352929



Judge: Robert D. Foiles
 Dept: 21
 Date Action Filed: June 27, 2018

RECEIVED
 AUG 30 2018

FILED
JUL 17 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
AUG 12 2018
CLERK OF THE SUPERIOR COURT

RECEIVED
SAN MATEO COUNTY
AUG 28 2018
Clerk of the Superior Court

1. The above-captioned actions pending in this Court (the "Related Actions") make substantially the same allegations against defendant Ripple Labs Inc. ("Ripple" or the "Company"), XRP II, LLC, and Bradley Garlinghouse.

2. In an effort to assure consistent rulings and decisions and the avoidance of unnecessary duplication of effort, counsel for the respective parties in the Related Actions hereby enter into this Stipulation and [Proposed] Order Consolidating Related Actions and Related Matters (the "Stipulation").

3. Counsel for the parties to this Stipulation include Robbins Arroyo LLP ("Robbins Arroyo") and Robbins Geller Rudman & Dowd LLP ("Robbins Geller") on behalf of plaintiff Vladi Zakarov; Robbins Arroyo on behalf of David Oconer (collectively, "Plaintiffs"); Skadden, Arps, Slate, Meagher & Flom LLP and Debevoise & Plimpton LLP on behalf of defendants Ripple Labs, Inc., XRP II, LLC, and Bradley Garlinghouse (collectively, "Defendants").

4. The parties agree that it would be duplicative and wasteful of the Court's resources for Defendants named in the Related Actions to have to respond to the individual complaints prior to the agreed upon consolidation and in light of the anticipated filing of a consolidated complaint. Therefore, the parties agree that Defendants need not respond to the individual complaints that have already been filed in this Court.

5. On August 8, 2018, the Zakinov action was designated as complex. On August 21, 2018, it was assigned to the Honorable Richard H. DuBois, Department 16, for all purposes. A complex case status conference in the Oconer action is set for August 29, 2018.

CONSOLIDATION

6. The following Related Actions are hereby consolidated for all purposes, including pre-trial proceedings and trial (the "Consolidated Action"):

<u>Abbreviated Case Name</u>	<u>Case Number</u>	<u>Date Filed</u>
<i>Zakinov v. Ripple Labs Inc.</i>	18-CIV-02845	6/5/2018
<i>Oconer v. Ripple Labs Inc.</i>	18-CIV-03332	6/27/2018

Every pleading filed in the Consolidated Action, or in any separate action included herein, shall bear the following caption:

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

IN RE RIPPLE LABS INC. LITIGATION

) Lead Case No. 18-CIV-02845

This Document Relates To:

) (Consolidated with Case No. 18-CIV-03332)

ALL ACTIONS.

) CLASS ACTION

7. The files of the Consolidated Action shall be maintained in one file under Master File No. 18-CIV-02845.

8. Plaintiffs shall either designate a complaint as operative or file a Consolidated Complaint ("Consolidated Complaint") within 45 days after entry of this order, unless otherwise agreed upon by the parties. If filed, the Consolidated Complaint shall be the operative complaint and shall supersede all complaints filed in any of the actions consolidated herein. Defendants shall respond to the operative complaint or Consolidated Complaint within 45 days after service, unless otherwise agreed by the parties. In the event that Defendants file any motions directed at the operative complaint or Consolidated Complaint, the opposition and reply briefs shall be filed within 45 and 20 days, respectively, of the motions, unless otherwise agreed upon by the parties. Counsel agrees to confer to select a hearing date.

APPOINTMENT OF A LEADERSHIP STRUCTURE

9. The Plaintiffs agree that Robbins Arroyo and Robbins Geller shall serve as Co-Lead Counsel for Plaintiffs ("Co-Lead Counsel") in the Consolidated Action, and Defendants take no position on the Court's appointment of Co-Lead Counsel for Plaintiffs or the responsibilities assumed by that Co-Lead Counsel.

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9 the Court to counsel, and shall be responsible for communication with Defendants' counsel on
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11 creating and maintaining a master service list of all parties and their respective counsel.

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13 or other duly authorized representative of Co-Lead Counsel, and such agreements shall be
14 binding on all Plaintiffs.

15 **RELATED MATTERS**

16 14. This Order shall apply to each case, arising out of the same or similar
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18 filed in, remanded to, or transferred to this Court.

19 15. When a case which properly belongs as part of the *In re Ripple Labs Inc.*
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21 transferred to this Court, counsel for the parties shall call such filing, remand, or transfer to the
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23 such case(s) with *In re Ripple Labs Inc. Litigation*, Lead Case No. 18-CIV-02845. Counsel for
24 the parties will further assist in assuring that counsel for the parties in such subsequent action(s)
25 receive notice of this Order.

1 IT IS SO STIPULATED.

2 DATED: 8/22/18

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STEPHEN J. ODDO
ERIC M. CARRINO


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Proposed Co-Lead Counsel for Plaintiffs and
Counsel for Plaintiffs Vladi Zakinov and
David Oconer

12 DATED: 8/22/18

ROBBINS GELLER RUDMAN
& DOWD LLP


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Additional counsel for Plaintiff Vladi Zakinov

1 DATED:

8/22/18

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& FLOM LLP

Peter Morrison / by permission
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forthcoming)
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Counsel for defendants Ripple Labs Inc., XRP
II, LLC, and Bradley Garlinghouse

1286406


ORDER

The above Stipulation Consolidating Related Actions and Related Matters having been considered, and good cause appearing therefore,

IT IS SO ORDERED.

DATED:

8-29-18



HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 600 B Street, Suite 1900, San Diego, California 92101.

2. That on August 23, 2018, I served the following document(s):

STIPULATION AND [PROPOSED] ORDER CONSOLIDATING RELATED ACTIONS AND RELATED MATTERS

By transmitting via facsimile the document(s) listed above to the fax number(s) set forth on the attached Service List from fax number (619) 525-3991 on this date before 5:00 p.m. The facsimile transmission was reported as complete and without error.

X By placing the document(s) listed above in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

By causing the document(s) listed above to be served by a courier service on the following parties:

By depositing in a box or other facility regularly maintained by UPS, an express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, in an envelope designated by the said express service carrier, with delivery fees paid or provided for, addressed to the parties on the attached Service List.

Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I sent the documents described herein to the persons at the e-mail addresses on the attached service list. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this August 23, 2018, at San Diego, California.



KATHERINE B. SCHEELE

Zakinov v. Ripple Labs Inc., et al., Case No. 18CIV02845;
Oconer v. Ripple Labs Inc., et al., Case No. 18CIV03332

COUNSEL FOR PLAINTIFFS

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Counsel for Plaintiff Vladi Zakinov

COUNSEL FOR DEFENDANTS

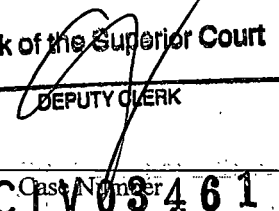
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Counsel for defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse

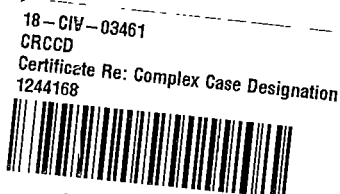
EXHIBIT I

Attorney or Party without Attorney (Name/Address) John T. Jasnoch (281605) SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 State Bar No.: 281605 Attorney for: Plaintiff	FOR COURT USE ONLY <div style="text-align: center;">FILED</div> <div style="text-align: center;">SAN MATEO COUNTY</div> <div style="text-align: center;">JUL 03 2018</div> <div style="text-align: center;">Clerk of the Superior Court</div> <div style="text-align: center;">By  DEPUTY CLERK</div> <div style="text-align: center;">Case Number 18 CIV 03461</div>
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063	
Plaintiff AVNER GREENWALD	
Defendant RIPPLE LABS, INC. et al.	
<div style="display: flex; justify-content: space-between;"> <div>Certificate Re: Complex Case Designation</div> <div>18 CIV 03461</div> </div>	

This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation

1. In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case [or as not a complex case] because at least one or more of the following boxes has been checked:
 - ☒ Box 1 – Case type that is best described as being [or not being] provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
 - ☐ Box 2 – Complex [or not complex] due to factors requiring exceptional judicial management
 - ☐ Box 5 – Is [or is not] a class action suit.

2. This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions



pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision];

(1), (2), (3), (4) and (6), this is a securities class action under the Securities Act of 1933 that charges a company and certain of its officers and directors with unregistered sale of securities to investors in violation of the Securities Act. Defendants will obtain separate counsel, and there will be a large number of witnesses and a substantial amount of documentary evidence. Plaintiff will seek class certification.

(attach additional pages if necessary)

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation [or noncomplex case counter-designation] being made in the attached Civil Case Cover Sheet.

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: 07/03/18


John T. Jasnoch

[Type or Print Name]



[Signature of Party or Attorney For Party]

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): John T. Jasnoch (281605) Scott+Scott Attorneys at Law LLP 600 W. Broadway, Suite 3300 San Diego, CA 92101 TELEPHONE NO: 619-233-4565 FAX NO: 619-233-0508 ATTORNEY FOR (Name): Plaintiff Avner Greenwald		FOR COURT USE ONLY FILED SAN MATEO COUNTY JUL 03 2018 Clerk of the Superior Court By  DEPUTY CLERK	
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME: Southern Branch (Hall of Justice)			
CASE NAME: Greenwald v. Ripple Labs, Inc.			
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000)		<input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)	
<input type="checkbox"/> Counter		<input type="checkbox"/> Joinder	
Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)		CASE NUMBER: 18CV03461	
JUDGE:		DEPT:	

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
--	--	--

2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|---|
| a. <input checked="" type="checkbox"/> Large number of separately represented parties
b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve
c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | d. <input checked="" type="checkbox"/> Large number of witnesses
e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
|---|---|
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): There are two: 15 U.S.C. sections 771 and 770
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case: (You may use form CM-015.)

Date: July 3, 2018

John T. Jasnoch

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

18 - CIV - 03461
CCCS
Civil Case Cover Sheet
1244163

FILE BY FAX

CM-010

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you **must** complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES**Auto Tort**

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) *(if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)*

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability *(not asbestos or toxic/environmental)* (24)
Medical Malpractice (45)
Medical Malpractice—
Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) *(not civil harassment)* (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice *(not medical or legal)*
Other Non-PI/PD/WD Tort (35)

Employment

Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract *(not unlawful detainer or wrongful eviction)*
Contract/Warranty Breach—Seller Plaintiff *(not fraud or negligence)*
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage *(not provisionally complex)* (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property *(not eminent domain; landlord/tenant, or foreclosure)*

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) *(if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)*

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims *(arising from provisionally complex case type listed above)* (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment *(non-domestic relations)*
Sister State Judgment
Administrative Agency Award *(not unpaid taxes)*
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint *(not specified above)* (42)
Declaratory Relief Only
Injunctive Relief Only *(non-harassment)*
Mechanics Lien
Other Commercial Complaint Case *(non-tort/non-complex)*
Other Civil Complaint *(non-tort/non-complex)*

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition *(not specified above)* (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

NOTICE OF CASE MANAGEMENT CONFERENCE

Arner Greenwald**FILED**
SAN MATEO COUNTY

Case No:

18 CIV 03461

vs.

Ripple Labs, Inc.Set for JUL 03 2018

Date:

NOV 01 2018

Clerk of the Superior Court

Time 9:00 a.m.

By

DEPUTY CLERK

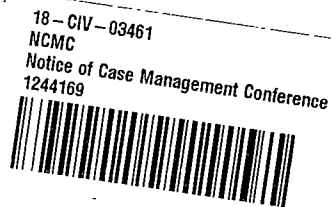
Dept.

21

Dept.

--on Tuesday & Thursday

--on Wednesday & Friday



You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:
 - a) Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
 - b) Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
 - c) File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
 - d) Meet and confer, in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.
2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.
3. Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
4. Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
5. If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
6. You are further ordered to appear in person* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
7. The Case Management judge will issue orders at the conclusion of the conference that may include:
 - a) Referring parties to voluntary ADR and setting an ADR completion date;
 - b) Dismissing or severing claims or parties;
 - c) Setting a trial date.
8. The Case Management judge may be the trial judge in this case.

For further information regarding case management policies and procedures, see the court's website at: www.sanmateocourt.org

*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

SUM-100

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

AVNER GREENWALD, Individually and on Behalf of All Others
Similarly Situated

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

RIPPLE LABS, INC., a Delaware corporation, XRP II, LLC, a South
Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

FILED
SAN MATEO COUNTY

JUL 03 2018

Clerk of the Superior Court

By DEPUTY CLERK

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below:

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recídicamente mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
(El nombre y dirección de la corte es) **San Mateo Superior Court**
400 County Center, Redwood City, CA 94063

CASE NUMBER
(Número de Caso) **18 CIV 03461**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
John T. Jasnoch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565

DATE: **JUL 03 2018**
(Fecha)

RODINA M. CATALANO

Clerk, by
(Secretario)

Deputy
(Adjunto)

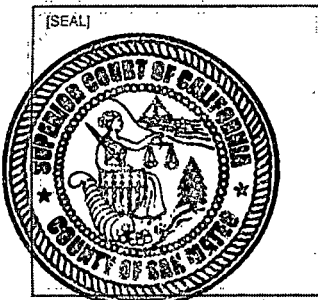
(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010).)

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):
3. ☐ on behalf of (specify):
under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):
4. ☐ by personal delivery on (date):

18 - CIV - 03461
SUM
Summons Issued / Filed
1244164



SUM-200(A)

SHORT TITLE:

Greenwald v. Ripple Labs, Inc., et al..

CASE NUMBER:

18CV00401

INSTRUCTIONS FOR USE

- ➔ This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- ➔ If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☐ Plaintiff

 ☒ Defendant

 ☐ Cross-Complainant

 ☐ Cross-Defendant

CHRISTIAN LARSEN, RON WILL, ANTOINETTE O'GORMAN, ERIC VAN MILTENBURG, SUSAN ATHEY, ZOE CRUZ, KEN KURSON, BEN LAWSKY, ANJA MANUEL, and TAKASHI OKITA,

Defendants:

Page 2 of 2

Page 1 of 1

**ERIOR COURT OF SAN MATEO COUNTY**

Civil Department
 400 County Center, Redwood City, CA 94063
 (650) 261-5100
 www.sanmateocourt.org

AVNER GREENWALD

Plaintiff (s)

vs.

**RIPPLE LABS, INC., A DELAWARE
 CORPORATION**
 Defendant (s)

Notice of Complex Case Status Conference

Case No.: 18-CIV-03461

Date: **9/5/2018**Time: **9:00 AM**Dept. **PJ**Title: **AVNER GREENWALD VS. RIPPLE LABS, INC., A DELAWARE CORPORATION, ET AL**

18 - CIV - 03461
 NCCSC
 Notice of Complex Case Status Conference
 1244360



You are hereby given notice of your Complex Case Status Conference. The date, time and department have been written above. At this conference, the Presiding Judge will decide whether this action is a complex case within the meaning of California Rules Court ("CRC"), Rule 3.400, subdivision (a) and whether it should be assigned to a single judge for all purposes.

1. In accordance with applicable **San Mateo County Local Rule 2.30**, you are hereby ordered to:
 - a. **Serve** copies of this notice, your Civil Case Cover Sheet, and your Certificate Re: Complex Case Designation on all named parties in this action no later than service of your first appearance pleadings.
 - b. **Give reason notice** of the Complex Case Status Conference to all named parties in this action, even if they have not yet made a first appearance or been formally served with the documents listed in subdivision (a). Such notice shall be given in the same manner as required for an ex parte application pursuant to CRC 3.1203.
2. **If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Complex Cause Status Conference. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.**
3. An action is provisionally a complex case if it involves one or more of the following types of claims: (1) antitrust or trade regulation claims; (2) construction defect claims involving many parties or structures; (3) securities claims or investment losses involving many parties; (4) environmental or toxic tort claims involving many parties; (5) claims involving massive torts; (6) claims involving class actions; or (7) insurance coverage claims arising out of any of the claims listed in subdivisions (1) through (6). The Court shall treat a provisionally complex action as a complex case until the Presiding Judge has the opportunities to decide whether the action meets the definition in CRC 3.400(a).
4. Any party who files either a Civil Case Cover Sheet (pursuant to CRC 3.401) or counter or joinder Civil Case Cover Sheet (pursuant to CRC 3.402, subdivision (b) or (C)), designating an action as a complex case in Items 1,2 and/or 5, must also file an accompanying Certificate Re: Complex Case Designation in the form prescribed by the Court. The certificate must include supporting information showing a reasonable basis for the complex case designation being sought. Such supporting information may include, without limitation, a brief description of the following factors as they pertain to the particular action: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision.

For further information regarding case management policies and procedures, see the court website at www.sanmateocourt.org

* Telephone appearances at Complex Case Status Conference are available by contacting CourtCall, LLC, and independent vendor, at least 5 business days prior to the scheduled conference.

CLERK'S CERTIFICATE OF MAILING

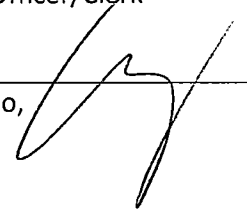
I hereby certify that I am the clerk of this court, not a party of this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this court as set forth above, and by then sealing said envelopes and depositing same, with postage fully pre-paid thereon, in the United States Mail at Red wood City, California.

Date: 7/5/2018

Rodina M. Catalano,
Court Executive Officer/Clerk

By: _____

Antonio Geronimo,
Deputy Clerk



Copies mailed to:

JOHN T JASNOCH
SCOTT+SCOTT ATTORNEYS AT LAW LLP
600 W BROADWAY STE 3300
SAN DIEGO CA 92101

CORRECTED
SUMMONS
(CITACION JUDICIAL)

SUM-100

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

RIPPLE LABS, INC., a Delaware corporation, XRP II, LLC, a South Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):

AVNER GREENWALD; Individually and on Behalf of All Others
 Similarly Situated

FOR COURT USE ONLY
 (SOLO PARA USO DE LA CORTE)
FILED
SAN MATEO COUNTY

JUL 06 2018

Clerk of the Superior Court
 By DEPUTY CLERK

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
 (El nombre y dirección de la corte es): San Mateo Superior Court
 400 County Center, Redwood City, CA 94063

CASE NUMBER:
 (Número del Caso):

18CIV03461

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
 (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
 John T. Jasnoch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565

DATE:
 (Fecha) JUL 06 2018

RODINA M. CATALANO

Clerk, by
 (Secretario)

Deputy
 (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010))
 (Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):
3. ☐ on behalf of (specify):
 under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):
4. ☐ by personal delivery on (date):



18 - CIV - 03461
 SUM
 Summons Issued / Filed
 1248641



SUM-200(A)

SHORT TITLE:

Greenwald v. Ripple Labs, Inc., et al.

CASE NUMBER:

INSTRUCTIONS FOR USE

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- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

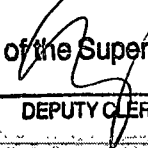
☐ Plaintiff
 ☒ Defendant
 ☐ Cross-Complainant
 ☐ Cross-Defendant

 CHRISTIAN LARSEN, RON WILL, ANTOINETTE O'GORMAN, ERIC VAN MILTENBURG, SUSAN
 ATHEY, ZOE CRUZ, KEN KURSON, BEN LAWSKY, ANJA MANUEL, and TAKASHI OKITA,

Defendants.

Page 2 of 2

Page 1 of 1

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF		POS-015 FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CIV03461
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch		
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		

TO (insert name of party being served): Susan Athey in c/o Peter Morrison

<p align="center">NOTICE</p> <p>The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.</p> <p>If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.</p>
--

Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

ACKNOWLEDGMENT OF RECEIPT

This acknowledges receipt of (to be completed by sender before mailing):

- ☒ A copy of the summons and of the complaint.
- ☒ Other (specify):

Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: 08-08-18

Peter Morrison, Atty. for Susan Athey

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY,
ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF
ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

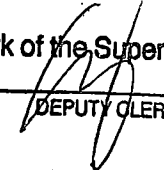
18-CIV-03461

NAR

Notice & Acknowledgment of Receipt of
1311027



FILE BY FAX

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO.: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF		POS-015 FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CIV03461
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch		
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		

TO (insert name of party being served): Zoe Cruz in c/o Peter Morrison

<p align="center">NOTICE</p> <p>The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.</p> <p>If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.</p>
--

Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

ACKNOWLEDGMENT OF RECEIPT

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Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: **08-08-18**

Peter Morrison, Atty. for Zoe Cruz

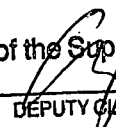
(TYPE OR PRINT YOUR NAME AND TITLE OR ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)



FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF	FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch	
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.	
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL	CASE NUMBER: 18CIV03461

TO (insert name of party being served): Bradley Garlinghouse in c/o Peter Morrison

NOTICE

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.

Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

ACKNOWLEDGMENT OF RECEIPT

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Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: 08-08-18

Peter Morrison, Atty. for Bradley Garlinghouse

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

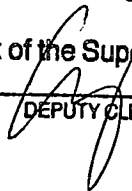
18-CIV-03461

NAR

Notice & Acknowledgment of Receipt of
 1311029



FILE BY FAX

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO.: 619/233-4565 FAX NO (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF	POS-015 FOR COURT USE ONLY <div style="text-align: center;"> FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK </div> CASE NUMBER: 18CIV03461
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch	
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.	
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL	

TO (insert name of party being served): **Ken Kurson in c/o Peter Morrison**

<div style="text-align: center;">NOTICE</div> <p>The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.</p> <p>If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.</p>

Date of mailing: **July 26, 2018**

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

ACKNOWLEDGMENT OF RECEIPT

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- ☒ Other (specify):

Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: **08 - 08 - 18**

Peter Morrison, Atty. for Ken Kurson

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

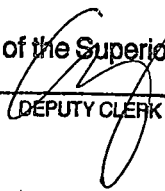
(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

18 - CIV - 03461
 NAR
 Notice & Acknowledgment of Receipt of
 1311017



FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF		FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch		
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		CASE NUMBER: 18CIV03461

TO (insert name of party being served): Christian Larsen in c/o Peter Morrison

NOTICE

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Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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(To be completed by recipient):

Date this form is signed: 08-08-18

Peter Morrison, Atty. for Christian Larsen

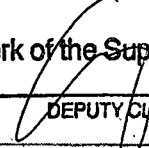
(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)



FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF	FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CIV03461
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch	
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.	
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL	

TO (insert name of party being served): Ben Lawsky in c/o Peter Morrison**NOTICE**

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.

Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

ACKNOWLEDGMENT OF RECEIPT

This acknowledges receipt of (to be completed by sender before mailing):

- ☒ A copy of the summons and of the complaint.
- ☒ Other (specify):

Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: 08 - 08 - 18Peter Morrison, Atty. for Ben Lawsky

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

18 - CIV - 03461

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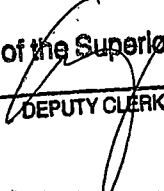
Notice & Acknowledgment of Receipt of

1311000



FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO.: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF	FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CIV03461
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PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.	
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL	

TO (insert name of party being served): Anja Manuel in c/o Peter Morrison

NOTICE

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

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Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: 08 08 18

Peter Morrison, Atty. for Anja Manuel

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

NOTICE AND ACKNOWLEDGMENT OF RECEIPT — CIVIL

18 - CIV - 03461

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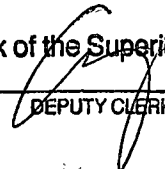
Notice & Acknowledgment of Receipt of

1310992



FILE BY FAX

POS-016

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF		FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch		
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		CASE NUMBER: 18CIV03461
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		


TO (insert name of party being served): Eric Van Miltenburg in c/o Peter Morrison

<p align="center">NOTICE</p> <p>The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.</p> <p>If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.</p>
--

Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)


(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)**ACKNOWLEDGMENT OF RECEIPT**

This acknowledges receipt of (to be completed by sender before mailing):

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- ☒ Other (specify):
Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

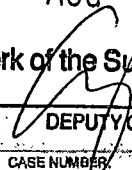
Date this form is signed: 08-08-18

Peter Morrison, Atty. for Eric Van Miltenburg(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY,
ON WHOSE BEHALF THIS FORM IS SIGNED)
(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF
ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)
 18 - CIV - 03461
 NAR

 Notice & Acknowledgment of Receipt of
 1310979


FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF		FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER 18CIV03461
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PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		

FILE BY FAX

TO (Insert name of party being served): **Antoinette O'Gorman in c/o Peter Morrison**

<p align="center">NOTICE</p> <p>The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.</p> <p>If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.</p>
--

Date of mailing: **July 26, 2018****JOHN T. JASNOCH**

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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2. ☒ Other (specify):

Summons, Complaint, Civil Case Cover Sheet, Complex Case Designation, Case Management Conference.

(To be completed by recipient):

Date this form is signed: **08-08-18****Peter Morrison, Atty. for Antoinette O'Gorman**

(TYPE OR PRINT FULL NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

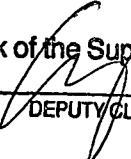
18-CIV-03461

NAR

Notice & Acknowledgment of Receipt of
 1311018



POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Name): PLAINTIFF	FOR COURT USE ONLY <div style="text-align: center; font-size: 2em; font-weight: bold;">FILED</div> <div style="text-align: center; font-weight: bold;">SAN MATEO COUNTY</div> <div style="text-align: center; font-size: 1.2em;">AUG - 8 2018</div> <div style="text-align: center;">Clerk of the Superior Court</div> <div style="text-align: center;">By  DEPUTY CLERK</div>
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN MATEO STREET ADDRESS: 400 County Center MAILING ADDRESS: Hall of Justice, First Floor, Room A CITY AND ZIP CODE: Redwood City, 94063 BRANCH NAME: Southern Branch	
PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.	
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL	CASE NUMBER: 18CIV03461

TO (insert name of party being served): Takashi Okita in c/o Peter Morrison

NOTICE

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

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Date of mailing: July 26, 2018

JOHN T. JASNOCH

(TYPE OR PRINT NAME)

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

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(To be completed by recipient):

Date this form is signed: 08-08-18

Peter Morrison, Atty. for Takashi Okita

(TYPE OR PRINT YOUR NAME AND NAME OF ENTITY, IF ANY, ON WHOSE BEHALF THIS FORM IS SIGNED)

(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

18-CIV-03461

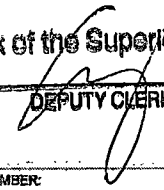
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Notice & Acknowledgment of Receipt of
 1310981



FILE BY FAX

POS-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): (CA 281605) JOHN J. JASNOCH SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. BROADWAY, SUITE 3300 SAN DIEGO, CA 92101 TELEPHONE NO: 619/233-4565 FAX NO. (Optional): 619/233-0508 E-MAIL ADDRESS (Optional): JJASNOCH@SCOTT-SCOTT.COM ATTORNEY FOR (Who): PLAINTIFF		FOR COURT USE ONLY FILED SAN MATEO COUNTY AUG - 8 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CIV03461
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PLAINTIFF/PETITIONER: AVNER GREENWALD DEFENDANT/RESPONDENT: RIPPLE LABS, INC.		
NOTICE AND ACKNOWLEDGMENT OF RECEIPT—CIVIL		

TO (insert name of party being served): Ron Will in c/o Peter Morrison**NOTICE**

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

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(To be completed by recipient):

Date this form is signed: 08-08-18Peter Morrison, Atty. for Ron Will

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(SIGNATURE OF PERSON ACKNOWLEDGING RECEIPT, WITH TITLE IF ACKNOWLEDGMENT IS MADE ON BEHALF OF ANOTHER PERSON OR ENTITY)

18 - CIV - 03461
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 1310977



FILE BY FAX.

ENDORSED FILED
SAN MATEO COUNTY

AUG 09 2018

Clerk of the Superior Court
By: ANTONIO R. GERONIMO
Deputy Clerk

1 PETER B. MORRISON (SBN 230148)
peter.morrison@skadden.com
2 VIRGINIA F. MILSTEAD (SBN 234578)
virginia.milstead@skadden.com
3 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 South Grand Avenue, Suite 3400
4 Los Angeles, CA 90071
Telephone: (213) 687-5000
5 Facsimile: (213) 687-5600

6 JOHN NEUKOM (SBN 275887)
john.neukom@skadden.com
7 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
525 University Avenue, Suite 1400
8 Palo Alto, California 94301
Telephone: (650) 470-4500
9 Facsimile: (650) 470-4570

10 Attorneys for Defendants
Ripple Labs Inc., XRP II, LLC, Bradley
11 Garlinghouse, Christian Larsen, Ron Will,
Antoinette O'Gorman, Eric van Miltenburg,
12 Susan Athey, Zoe Cruz, Ken Kurson, Ben
Lawsky, Anja Manuel, and Takashi Okita
13

14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **COUNTY OF SAN MATEO**

16 AVNER GREENWALD, Individually and on
17 Behalf of All Others Similarly Situated,

18 Plaintiff,

19 v.

20 RIPPLE LABS INC., et al.,

21 Defendants.
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CASE NO.: 18-CIV-03461

PROOF OF SERVICE

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA

I am employed in the county of Santa Clara, State of California. I am over the age of 18 and not a party to the within action; my business address is 525 University Ave., Palo Alto, CA 94301.

On August 9, 2018, I served the documents described as:

NOTICE TO ADVERSE PARTY AND CLERK OF STATE COURT OF REMOVAL OF ACTION TO FEDERAL COURT

on the interested parties in this action addressed as follows:

JOHN T. JASNOCH
SCOTT+SCOTT
ATTORNEYS AT LAW LLP
600 W. Broadway, Suite 3300
San Diego, CA 92101

THOMAS L. LAUGHLIN, IV
RHIANA SWARTZ
SCOTT+SCOTT
ATTORNEYS AT LAW LLP
The Helmsley Building
230 Park Avenue, 17th Floor
New York, NY 10169

☒ (BY US MAIL) I am readily familiar with the firms' practice for the collection and processing of correspondence for mailing with the United States Postal Service and the fact that the correspondence would be deposited with the United States Postal Service that same day in the ordinary course of business; on this date, the above-referenced correspondence was placed for deposit at Palo Alto, California and placed for collection and mailing following ordinary business practices.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 9, 2018, at Palo Alto, California.

Alissa Turnipseed
Type or Print Name


Signature

1 PETER B. MORRISON (SBN 230148)
peter.morrison@skadden.com
2 VIRGINIA F. MILSTEAD (SBN 234578)
virginia.milstead@skadden.com
3 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 South Grand Avenue, Suite 3400
4 Los Angeles, CA 90071
Telephone: (213) 687-5000
5 Facsimile: (213) 687-5600
6 JOHN NEUKOM (SBN 275887)
john.neukom@skadden.com
7 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
525 University Avenue, Suite 1400
8 Palo Alto, California 94301
Telephone: (650) 470-4500
9 Facsimile: (650) 470-4570

10 Attorneys for Defendants
Ripple Labs Inc., XRP II, LLC, Bradley
11 Garlinghouse, Christian Larsen, Ron Will,
Antoinette O'Gorman, Eric van Miltenburg,
12 Susan Athey, Zoe Cruz, Ken Kurson, Ben
Lawsky, Anja Manuel, and Takashi Okita
13

14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **COUNTY OF SAN MATEO**

16 AVNER GREENWALD, Individually and on
17 Behalf of All Others Similarly Situated,

18 Plaintiff,

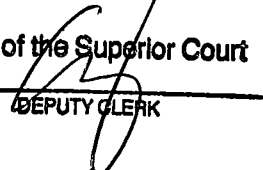
19 v.

20 RIPPLE LABS INC., et al.,

21 Defendants.
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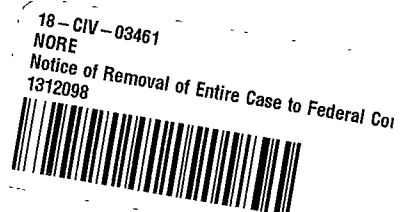
FILED
SAN MATEO COUNTY

AUG - 9 2018

Clerk of the Superior Court
By  DEPUTY CLERK

CASE NO.: 18-CIV-03461

**NOTICE TO ADVERSE PARTY AND
CLERK OF STATE COURT OF
REMOVAL OF ACTION TO FEDERAL
COURT**




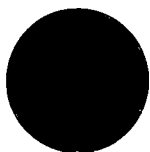
1 TO THE CLERK OF THE ABOVE-TITLED COURT, ALL PARTIES, AND THEIR
2 ATTORNEYS OF RECORD:

3 PLEASE TAKE NOTICE THAT, pursuant to 28 U.S.C. § 1446, Defendants Ripple Labs
4 Inc., XRP II, LLC, Bradley Garlinghouse, Christian Larsen, Ron Will, Antoinette O’Gorman, Eric
5 van Miltenburg, Susan Athey, Zoe Cruz, Ken Kurson, Ben Lawskey, Anja Manuel, and Takashi
6 Okita removed the above-captioned matter to the United States District Court for the Northern
7 District of California on August 8, 2018. A true and correct copy of the Notice of Removal filed in
8 the federal court is appended hereto as Exhibit A.

9
10 DATED: August 9, 2018

11 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

12 By: 
13 Peter B. Morrison
14 Attorney for Defendants
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Attorney for Defendants
Ripple Labs Inc., XRP II, LLC, Bradley
Garlinghouse, Christian Larsen, Ron Will,
Antoinette O’Gorman, Eric van Miltenburg,
Susan Athey, Zoe Cruz, Ken Kurson, Ben
Lawsky, Anja Manuel, and Takashi Okita

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA**

AVNER GREENWALD, Individually And On	)	CASE NO.: 18-cv-4790
Behalf Of All Others Similarly Situated,)	
)	CLASS ACTION
Plaintiff,)	
)	NOTICE OF REMOVAL
v.)	
)	
RIPPLE LABS INC., <u>et al.</u> ,)	
)	
Defendants.)	

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<u>Russello v. United States</u> , 464 U.S. 16 (1983)	9
<u>SEC v. Glenn W. Turner Enterprises, Inc.</u> , 474 F.2d 476 (9th Cir. 1973)	8

1	<u>U.S. Industries, Inc. v. Gregg,</u>	
2	348 F. Supp. 1004 (D. Del. 1972), <u>rev'd on other grounds</u> , 540 F.2d 142 (3d Cir. 1976)	8
3	<u>United States v. Providence Journal Co.,</u>	
4	485 U.S. 693 (1988)	9
5	<u>STATUTES</u>	
6	15 U.S.C. § 77p	3, 4
7	15 U.S.C. § 77v	3, 4
8	28 U.S.C. § 1332	passim
9	28 U.S.C. § 1441	8, 9
10	28 U.S.C. § 1446	1, 10
11	28 U.S.C. § 1453	passim
12	<u>OTHER AUTHORITIES</u>	
13	2 McLaughlin on Class Actions § 12:6 (14th ed. 2017)	9
14	15 Moore's Federal Practice – Civil § 102.73 (2018)	4
15	16 Moore's Federal Practice – Civil § 107.91[1][b] (2018)	7

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1 **TO THE CLERK OF THE UNITED STATES DISTRICT COURT FOR THE**
2 **NORTHERN DISTRICT OF CALIFORNIA:** Please take notice that Defendants Ripple Labs
3 Inc. (“Ripple”), XRP II, LLC (“XRP II”), Bradley Garlinghouse, Christian Larsen, Ron Will,
4 Antoinette O’Gorman, Eric van Miltenburg, Susan Athey, Zoe Cruz, Ken Kurson, Ben Lawskey,
5 Anja Manuel, and Takashi Okita (collectively, “Defendants”), by and through their undersigned
6 attorneys, hereby remove the above-captioned civil action, and all claims and causes of action
7 therein, from the Superior Court of the State of California, County of San Mateo, to the United
8 States District Court for the Northern District of California, pursuant to 28 U.S.C. §§ 1332(d) and
9 1453. As required by 28 U.S.C. § 1446(a), all process, pleadings, and orders served on Defendants
10 in the action to date are attached hereto as Exhibit A. As the requisite “short and plain statement of
11 the grounds for removal,” 28 U.S.C. § 1446(a), Defendants state as follows:

12 **I. INTRODUCTION**

13 1. This action arises out of Plaintiff’s alleged purchase of a virtual currency, XRP, on
14 “global, online cryptocurrency exchanges.” (Compl. ¶¶ 14, 78-79.) Plaintiff does not allege that
15 he lacked information about the nature of these transactions. Nevertheless, Plaintiff claims that he
16 was somehow injured because Defendants were allegedly required to register XRP as a “security”
17 with the Securities & Exchange Commission (“SEC”) but failed to do so.

18 2. On July 3, 2018, Plaintiff filed a putative class action complaint in the Superior
19 Court of California, County of San Mateo, purporting to sue on his own behalf and on behalf of
20 “all persons or entities who purchased XRP from July 3, 2015 through the present.” (Compl. ¶ 87.)
21 Plaintiff asserts claims under Sections 5, 12(a)(1), and 15 of the Securities Act of 1933 (“Securities
22 Act”). Plaintiff seeks, among other things, rescission of XRP purchases and/or damages (Compl. at
23 21(C)(D)) and a constructive trust over the proceeds of Defendants’ alleged sales of XRP (Compl.
24 at 21(G)).

25 3. Defendants now remove this putative class action to this Court pursuant to the Class
26 Action Fairness Act (“CAFA”), 28 U.S.C. § 1453. The Court has jurisdiction over the claims
27 pursuant to 28 U.S.C. § 1332(d).
28

1 **II. REMOVAL IS PROPER UNDER THE CLASS ACTION FAIRNESS ACT**

2 4. This alleged nationwide securities action falls within the original jurisdiction of this
3 Court under CAFA. Pursuant to CAFA, a putative class action may be removed to the appropriate
4 federal district court if (1) the action purports to be a “class” action brought on behalf of 100 or
5 more members; (2) any member of a class of plaintiffs is a citizen of a state different from any
6 defendant or any member of the class is a member of a foreign state and any defendant is a citizen
7 of a state; and (3) the amount in controversy exceeds \$5 million. See 28 U.S.C. §§ 1332(d)(2),
8 (2)(A), (5)(B), 1453(b). This action meets each of those requirements.

9 5. ***Class exceeds 100 members.*** First, this is an alleged class action brought on behalf
10 of over 100 members. Plaintiff purports to assert claims on behalf of a “class” consisting of
11 “thousands of members.” (Compl. ¶¶ 87, 89.) That well exceeds the requirements of CAFA. See
12 28 U.S.C. § 1332(d)(1)(B), (5)(B).

13 6. ***Minimal Diversity.*** Second, minimal diversity of citizenship exists (i.e., at least one
14 class member plaintiff has a different citizenship from any of the defendants), as required by
15 Section 1332(d)(2)(A). On the one hand, at least three of the Defendants are allegedly citizens of
16 California. (Compl. ¶¶ 15-27.) On the other hand, there are members of the putative class who are
17 citizens of states other than California or citizens of foreign states, including Plaintiff, who is a
18 resident of Israel. (Compl. ¶ 14.) The Complaint purports to be brought on behalf of “all persons
19 or entities who purchased XRP from July 3, 2015 through the present” without any geographic
20 limitation. (Compl. ¶ 87.) The Complaint further alleges that Defendants have sold XRP to
21 putative class members on “global, online cryptocurrency exchanges,” which are accessible on the
22 internet and therefore throughout the United States and the world. (Compl. ¶¶ 78-79.)
23 Additionally, the Complaint alleges that “[b]y way of the internet, including Ripple Labs’ website,
24 Twitter, and the over 50 cryptocurrency exchanges that trade XRP, interstate means are used in
25 connection with the offer and sale of XRP.” (Compl. ¶ 77.) Given these allegations, citizens of
26 states other than California or citizens of foreign states, including Plaintiff himself, have
27 undoubtedly purchased XRP. Therefore, members of the putative class are citizens of states
28 different from Defendants. See, e.g., Broadway Grill, Inc. v. Visa Inc., 856 F.3d 1274, 1276 (9th

1 Cir. 2017) (concluding that minimal diversity was satisfied when class definition, as pleaded,
2 included a nationwide class and many non-citizens of California); Rossetti v. Stearn's Prods., Inc.,
3 2016 WL 3277295, at *1-2 (C.D. Cal. June 6, 2016) (action pled as a nationwide class satisfied
4 minimal diversity requirement).

5 7. *Amount in Controversy.* Third, this action meets CAFA's amount-in-controversy
6 requirement of \$5 million. 28 U.S.C. § 1332(d)(6). Among other things, Plaintiff seeks the
7 rescission of Defendants' alleged sales of XRP to putative class members. (Compl. at 21(C).)
8 Plaintiff alleges that in the first quarter of 2018 alone, "Defendants sold at least \$167.7 million
9 worth of XRP." (Compl. ¶ 52.) If all such sales were rescinded, the amount in controversy would
10 exceed \$5 million. While Defendants strongly deny that Plaintiff or any putative class members
11 are entitled to recover any amount (or any other relief), Plaintiff plainly seeks to recover an
12 aggregate amount over \$5 million.

13 8. Moreover, Plaintiff seeks a constructive trust over the proceeds of Defendants'
14 alleged sales of XRP. (Compl. at 21(G).) Based on the allegations in the Complaint, this amount
15 is at least \$167.7 million, in excess of the \$5 million minimum. (Compl. ¶ 52); see also Holt v.
16 Noble House Hotels & Resort, Ltd., 2018 WL 539176, at *4 (S.D. Cal. Jan. 23, 2018) (considering
17 amount over which plaintiff was seeking a constructive trust and disgorgement in assessing amount
18 in controversy).

19 9. *Exceptions.* None of the exceptions to removal set forth in CAFA applies to bar
20 removal here. This action does not (i) involve a "covered security," as defined by 15 U.S.C.
21 § 77p(f)(3); (ii) relate to the internal affairs or governance of a corporation and arise under the laws
22 of the state in which such corporation was formed; or (iii) relate to the rights, duties, and
23 obligations relating to or created by or pursuant to any security. See 28 U.S.C. § 1453(d)(1)-(3).

24 **III. SECTION 22(A) OF THE SECURITIES ACT DOES NOT BAR REMOVAL**

25 10. The fact that Plaintiff purports to bring claims under the Securities Act does not
26 preclude removal here. Section 22(a) of the Securities Act ("Section 22(a)") provides, "Except as
27 provided in section 77p(c) of this title, no case arising under this subchapter and brought in any
28 State court of competent jurisdiction shall be removed to any court of the United States." 15

1 U.S.C. § 77v(a). Section 22(a) is known as a removal bar. Although the Supreme Court recently
2 concluded that the exception to the removal bar in section 77p(c)—a reference to the Securities
3 Litigation Uniform Standards Act (“SLUSA”)—does not permit removal of class actions alleging
4 only Securities Act violations, Cyan, Inc. v. Beaver County Employees Retirement Fund, 138 S.
5 Ct. 1061, 1075-76 (2018), the Supreme Court has not prohibited removal of class actions asserting
6 Securities Act claims on the basis of CAFA, which expressly permits removal.

7 **A. Luther Does Not Bar Removal Here**

8 11. Defendants expressly acknowledge the decision of the United States Court of
9 Appeals for the Ninth Circuit in Luther v. Countrywide Home Loans Servicing LP, 533 F.3d 1031,
10 1034 (9th Cir. 2008). In Luther, the plaintiff asserted claims under the Securities Act. See id. at
11 1032-33. The court held that a class action brought in state court alleging violations of the
12 Securities Act was not removable even though it met the requirements of CAFA. Id. at 1034. But
13 Luther involved a removal based on minimum diversity between citizens of the United States. Id.
14 1033-34. It did not address a situation where, as here, CAFA permitted removal based not only on
15 minimal diversity jurisdiction, but also on alienage jurisdiction because the Securities Act class
16 action was brought by a citizen of a foreign state on behalf of a purportedly worldwide class of
17 persons who purchased an alleged security from “global, online cryptocurrency exchanges.”
18 (Compl. ¶ 79.)

19 12. This distinction is substantively important. “[T]he major purpose of alienage
20 jurisdiction is to promote international relations by assuring other countries that litigation involving
21 their nationals will be treated at the national level.” Life of the S. Ins. Co. v. Carzell, 851 F.3d
22 1341, 1347 (11th Cir. 2017) (alteration in original) (applying alienage provisions of CAFA); see
23 also 15 Moore’s Federal Practice – Civil § 102.73 (2018) (“Alienage jurisdiction was intended to
24 provide the federal courts with a form of protective jurisdiction over matters implicating
25 international relations, in which the national interest is paramount,” including when
26 “entanglements with other sovereigns that might ensue from failure to treat the legal controversies
27 of aliens on a national level.”).

28 13. CAFA (i) broadened the definition of diversity and alienage jurisdiction in 28

1 U.S.C. § 1332 as it applied to certain class actions, see 28 U.S.C. § 1332(d); and (ii) created a
2 separate statute allowing for removal of class actions falling within that broadened definition, see
3 28 U.S.C. § 1453. In doing so, CAFA specifically expanded the federal courts' jurisdiction "by
4 establishing original jurisdiction in the federal courts for certain class actions that are national or
5 international in scope," subject to certain enumerated exceptions. New Jersey Carpenters Vacation
6 Fund v. HarborView Mortg. Loan Trust, 581 F. Supp. 2d 581, 583 (S.D.N.Y. 2008).

7 14. A case like this one that seeks to apply, for the first time, U.S. securities laws to
8 transactions that take place throughout the globe has just such a national and international scope.
9 Among other things, it implicates international relations as other countries seek to regulate
10 transactions in virtual currencies that take place within their own borders. See HarborView, 581 F.
11 Supp. 2d at 588 (concluding that Securities Act case was removable under CAFA when it involved
12 matters that were affecting the "international economy"). While Defendants in no way concede
13 that the Securities Act applies to international transactions—it does not, see Morrison v. National
14 Australia Bank Ltd., 561 U.S. 247 (2010)—Plaintiff's attempt to apply the Securities Act to such
15 transactions takes this case outside the purview of Luther.

16 15. Indeed, the basis for the Luther court's holding that Section 22(a) bars removal
17 notwithstanding CAFA was that Section 22(a) is "narrow, precise, and specific" and "applies only
18 to claims arising under the Securities Act," whereas CAFA has broader application. Luther, 533
19 F.3d at 1034. But if Section 22(a) were interpreted to bar removal of Securities Act claims even
20 when such claims purported to regulate transactions on an international scale, Section 22(a) would
21 not have the "narrow, precise, and specific" application the Luther court described. Therefore, the
22 reasoning in Luther does not apply to the situation here and does not bar removal.

23 16. Defendants recognize that, if the Court does not conclude that Luther is
24 distinguishable, the decision in Luther is binding precedent that appears to bar removal here.
25 However, Defendants further contend that (i) subsequent United States Supreme Court authority
26 has abrogated the conclusion and reasoning in Luther, and, if not, (ii) post-Luther developments in
27 the law counsel that the Ninth Circuit should reconsider Luther.

28 17. Defendants acknowledge that, to the extent the Court does not believe that Luther

1 has been abrogated, this Court may be bound by Luther and compelled to remand this action. In
2 such circumstance, Defendants would request that the Ninth Circuit review such remand order so
3 that it may reconsider Luther. CAFA itself provides for an appeal to the Ninth Circuit from any
4 remand decision under CAFA. See 28 U.S.C. § 1453(c)(1) (“[A] court of appeals may accept an
5 appeal from an order of a district court granting or denying a motion to remand a class action to the
6 State court from which it was removed if application is made to the court of appeals not more than
7 10 days after entry of the order.”).

8 **B. Luther Has Been Abrogated By the Supreme Court**

9 18. The Ninth Circuit has recognized that its own decisions are not binding on district
10 courts if their “reasoning or theory” is “clearly irreconcilable” with subsequently decided United
11 States Supreme Court authority. Miller v. Gammie, 335 F.3d 889, 893 (9th Cir. 2003). Such is the
12 case with Luther. In reaching its holding, Luther relied on the general rules that “removal statutes
13 are strictly construed against removal,” and “any doubt is resolved against removability.” Luther,
14 533 F.3d at 1034. However, in Dart Cherokee Basin Operating Co. v. Owens, 135 S. Ct. 547
15 (2014), decided *after* Luther, the Supreme Court declared that “no antiremoval presumption attends
16 cases invoking CAFA, which Congress enacted to facilitate adjudication of certain class actions in
17 federal court.” Id. at 554. On the contrary, CAFA’s “provisions should be read broadly, with a
18 strong preference that interstate class actions should be heard in a federal court if properly removed
19 by any defendant.” Id. (citation omitted). Accordingly, Luther’s strict construction against
20 removal to resolve the perceived conflict between Section 22(a)’s removal bar and CAFA’s
21 removal provisions cannot be squared with the Supreme Court’s express instructions in the more
22 recently decided Dart Cherokee “to interpret CAFA’s provisions under section 1332 broadly in
23 favor of removal.” Jordan v. Nationstar Mortg. LLC, 781 F.3d 1178, 1184 (9th Cir. 2015)
24 (reversing order of district court, “[i]n light of the Supreme Court’s clear statement in Dart
25 Cherokee that Congress intended for no antiremoval presumption to attend CAFA cases” and
26 rejecting Luther’s strict construction of CAFA against removal because it was inconsistent with
27 Dart Cherokee).

28 19. Likewise, Luther’s interpretation of CAFA as a “general grant of the right of

1 removal of high-dollar class actions” that excludes nationwide class actions asserting claims under
2 the Securities Act, Luther, 533 F.3d at 1034, cannot be squared with Dart Cherokee’s
3 characterization of CAFA as a tool to ensure federal consideration of “interstate cases of national
4 importance.” Dart Cherokee, 135 S. Ct. at 554 (citation omitted). In fact, other courts have
5 concluded that application of CAFA to interstate securities class actions of national importance is
6 essential to fulfill the purposes of CAFA. See HarborView, 581 F. Supp. 2d at 587-88 (concluding
7 that “CAFA overrides the Securities Act’s anti-removal provision because this case involves
8 exactly the type of case CAFA was concerned about—a large, non-local securities class action
9 dealing with a matter of national importance, the mortgage-backed securities crisis that is currently
10 wreaking havoc with the national and international economy”). The ruling in Dart Cherokee thus
11 “undercut[s] the theory or reasoning underlying [Luther] in such a way that [Luther and Dart
12 Cherokee] are clearly irreconcilable.” Jordan, 781 F.3d at 1183 n.2 (first alteration in original)
13 (citation omitted); see also 16 Moore’s Federal Practice - Civil § 107.91[1][b] (2018) (observing
14 that “[g]iven the Supreme Court’s assertion that no antiremoval presumption applies to cases
15 removed under CAFA,” the decision in Luther was likely incorrect). Thus, Luther has been
16 abrogated.

17 **C. Luther Should Be Reconsidered**

18 20. If the Court does not conclude that post-Luther decisions have abrogated Luther,
19 Defendants believe Luther should be reconsidered in light of post-Luther developments in the law.

20 21. In addition to Dart Cherokee, shortly after the Ninth Circuit decided Luther, the
21 Seventh Circuit considered the central legal question in Luther—the removability of Securities Act
22 class actions meeting the removal requirements of CAFA. See Katz v. Gerardi, 552 F.3d 558 (7th
23 Cir. 2009). The Katz court held that class actions meeting the requirements of CAFA, including
24 those asserting claims under the Securities Act, are removable. Id. at 562. In doing so, Katz
25 expressly disagreed with the reasoning in Luther.

26 22. In Luther, the court applied the “principle of statutory construction that a statute
27 dealing with a narrow, precise, and specific subject is not submerged by a later enacted statute
28 covering a more generalized spectrum.” Luther, 533 F.3d at 1034 (citation omitted). The court

1 reasoned that the Securities Act was “more specific” than CAFA because it “applies only to claims
2 arising under the Securities Act,” whereas CAFA “applies to a ‘generalized spectrum’” of class
3 actions. Id. On the basis that the purported specific statute controls over the more general statute,
4 Luther found that Section 22(a)’s removal bar applied to bar removal of Securities Act claims
5 notwithstanding that CAFA expressly permitted such removal.

6 23. The Katz court rejected and exposed this flawed reasoning. Contrary to Luther’s
7 conclusion, the Katz court explained that CAFA is *not* broader than the Securities Act because
8 CAFA applies only to “large, multi-state class actions” while the Securities Act applies to “all
9 securities actions—single-investor suits as well as class actions.” Katz, 552 F.3d at 561; see also
10 SEC v. Glenn W. Turner Enters., Inc., 474 F.2d 476, 481 n.5 (9th Cir. 1973) (noting “[t]he broad
11 purpose of the Securities Act of 1933”).

12 24. Thus, the Katz court concluded that the language of CAFA itself, “rather than a[n]y
13 canon” of statutory construction, instructs how CAFA “applies to corporate and securities actions.”
14 Katz, 552 F.3d at 562. CAFA itself contains specific, enumerated exceptions to removal
15 jurisdiction that address certain securities actions—none of which applies here—including actions
16 “concerning a covered security,” those relating to the internal affairs of a corporation, or those
17 relating to the rights, duties, and obligations relating to or created by or pursuant to any security.
18 Id. “This [list of exceptions] tells us all we need to know.” Id. Claims falling within the
19 exceptions are not removable, and all “[o]ther securities class actions are removable if they meet
20 the requirements of” CAFA. Id.

21 25. Straightforward statutory construction of Congress’s removal statutes confirms that
22 the holding in Katz is correct and that the holding from Luther should be revisited. In particular,
23 the general removal statute, 28 U.S.C. § 1441(a)—on which Defendants do *not* rely for removal
24 here—authorizes removal when federal courts have “original jurisdiction” “[e]xcept as otherwise
25 expressly provided by Act of Congress.” 28 U.S.C. § 1441(a). Courts have concluded that this
26 exception language—“[e]xcept as otherwise expressly provided by Act of Congress”—refers to
27 anti-removal statutes such as Section 22(a) and prevents removal of an action when such claims are
28 asserted. See U.S. Indus., Inc. v. Gregg, 348 F. Supp. 1004, 1015 n.10 (D. Del. 1972), rev’d on

1 other grounds, 540 F.2d 142 (3d Cir. 1976).

2 26. However, Section 1453—the CAFA removal statute, the statute on which
3 Defendants *do* rely for removal—does *not* include the “[e]xcept as otherwise expressly provided
4 by Act of Congress” language. See 28 U.S.C. § 1453. As numerous courts have found, the
5 omission of this language in the CAFA removal statute demonstrates that, unlike with Section
6 1441(a), Congress did not intend anti-removal provisions to bar removal where the action meets
7 the requirements of CAFA. See Cal. Pub. Emps.’ Ret. Sys. v. WorldCom, Inc., 368 F.3d 86, 106
8 (2d Cir. 2004) (allowing removal of Securities Act claim under 28 U.S.C. § 1452 because that
9 section does not include the exception language); FDIC v. Countrywide Fin. Corp., 2012 WL
10 12897152, at *1 (C.D. Cal. Mar. 20, 2012) (concluding that grant of federal jurisdiction over
11 claims involving FDIC made action removable under Section 1441(b), which at that time provided
12 for removal based on claims arising under federal law, and “trump[ed]” the removal bar in Section
13 22(a) because Section 1441(b) did not then contain exception language like Section 1441(a)).
14 Accordingly, straight forward statutory construction reveals that this action should be removable.
15 United States v. Providence Journal Co., 485 U.S. 693, 704-05 (1988) (citation omitted) (observing
16 that when two statutes included “[e]xcept as otherwise authorized by law,” but that “by way of
17 vivid contrast,” the third did not, the third statute provided for no exception); Russello v. United
18 States, 464 U.S. 16, 23 (1983) (alteration in original) (citation omitted) (“[W]here Congress
19 includes particular language in one section of a statute but omits it in another section of the same
20 Act, it is generally presumed that Congress acts intentionally and purposely in the disparate
21 inclusion or exclusion.”). The Luther court never considered CAFA’s plain language.

22 27. For these reasons, Defendants respectfully submit that Katz is the correctly reasoned
23 decision, and that, to the extent necessary, Luther should be reconsidered. Tellingly, the current
24 divide in authority led the author of the district court decision affirmed by the Ninth Circuit in
25 Luther, the Hon. Mariana Pfaelzer, to observe in another case, “Defendants appear to have
26 nonfrivolous arguments for a change in the law due to post-Luther developments.” Pub. Emps.’
27 Ret. Sys. of Miss. v. Morgan Stanley, 605 F. Supp. 2d 1073, 1075 n.1 (C.D. Cal. 2009). See also 2
28 McLaughlin on Class Actions § 12:6 (14th ed. 2017) (collecting authorities and concluding Katz’s

1 conclusion is correct).

2 **IV. THIS REMOVAL NOTICE IS TIMELY AND SATISFIES ALL PREREQUISITES.**

3 28. Plaintiff filed the above-captioned putative class action on July 3, 2018 in the
4 Superior Court of the State of California, County of San Mateo, as case number 18-CIV-03461.
5 The first Defendant to be served, Ripple, was served on July 9, 2018. This Notice of Removal is
6 timely because it has been filed within thirty days of Plaintiff's earliest purported service of the
7 Complaint. See 28 U.S.C. § 1446.

8 29. No previous application has been made by the Defendants for this or similar relief.

9 30. Written notice of the filing of this Notice of Removal will be given to the adverse
10 parties and state court as required by § 1446(d).

11 DATED: August 8, 2018

12 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

13 By: /s/Peter B. Morrison

14 Peter B. Morrison

15 Attorney for Defendants
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Exhibit A

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19 *Counsel for Plaintiff*

20 SUPERIOR COURT OF THE STATE OF CALIFORNIA
21 COUNTY OF SAN MATEO

22 AVNER GREENWALD, Individually and on
23 Behalf of All Others Similarly Situated,

24 Plaintiff,

25 v.

26 RIPPLE LABS, INC., a Delaware Corporation,
27 XRP II, LLC, a South Carolina Limited Liability
28 Company, BRADLEY GARLINGHOUSE,
CHRISTIAN LARSEN, RON WILL,
ANTOINETTE O'GORMAN, ERIC VAN
MILTENBURG, SUSAN ATHEY, ZOE
CRUZ, KEN KURSON, BEN LAWSKY,
ANJA MANUEL, and TAKASHI OKITA,

Defendants.

Case No.

18CIV03461

CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE SECURITIES ACT
OF 1933

JURY TRIAL DEMANDED

FILED
SAN MATEO COUNTY

JUL 03 2018

Clerk of the Superior Court

By

DEPUTY CLERK

FILE BY FAX

COMPLAINT

1 Plaintiff Avner Greenwald ("Plaintiff"), individually and on behalf of all others similarly
2 situated, by Plaintiff's undersigned attorneys, alleges the following based upon personal knowledge as to
3 Plaintiff's own acts, and upon information and belief as to all other matters based on the investigation
4 conducted by and through Plaintiff's attorneys, which included, among other things, a review of
5 Securities and Exchange Commission ("SEC") filings and commentary, publicly available reports and
6 information, analyst and media reports, and other commentary analysis. Plaintiff's investigation into the
7 matters alleged herein is continuing and many relevant facts are known only to, or are exclusively within
8 the custody and control of, the Defendants. Plaintiff believes that substantial additional evidentiary
9 support will exist for the allegations set forth herein after a reasonable opportunity for formal discovery.

10 **NATURE AND SUMMARY OF ACTION**

11 1. Plaintiff brings this securities class action under §§5, 12(a)(1), and 15 of the Securities
12 Act of 1933 (the "Securities Act") against (1) Ripple Labs, Inc. ("Ripple Labs" or the "Company");
13 (2) Ripple Labs' wholly owned subsidiary, XRP II, LLP ("XRP II"); and (3) certain of Ripple Labs'
14 controlling senior executives and directors (collectively, the "Individual Defendants"). Plaintiff alleges
15 that Defendants sold unregistered securities to investors in violation of the Securities Act. Defendants
16 are liable in their capacities as issuers, statutory sellers, and/or direct or indirect offerors of XRP.

17 2. Plaintiff brings this action on behalf of all investors who purchased Ripple tokens
18 ("XRP" or "Ripples") on or after July 3, 2015 and were damaged thereby.

19 3. XRP qualify as securities under Section 2(a)(1) of the Securities Act, 15 U.S.C.
20 §77b(a)(1). The purchase of XRP constitutes an investment contract as XRP purchasers, including
21 Plaintiff, provided consideration (in the form of fiat, *i.e.*, U.S. dollars or other cryptocurrencies) in
22 exchange for XRP. XRP is in investment in a common enterprise and purchasers reasonably expected to
23 derive profits from their ownership of XRP. Defendants promoted this profit motive as a reason to
24 purchase XRP.

25 4. No registration statements have been filed with the SEC or have been in effect with
26 respect to the XRP offerings alleged herein.

1 statutory or common law of any State or subdivision thereof.” See 15 U.S.C. §77p. This is an action
2 asserting only federal law claims. Thus, this action is not removable to federal court.

3 11. Venue is proper in this jurisdiction pursuant to the provisions of California Code of
4 Civil Procedure §395(a) because certain Defendants reside in San Mateo County.

5 12. This Court has personal jurisdiction over Defendants as a result of acts of Defendants
6 occurring in and/or aimed at the state of California in connection with Defendants’ unregistered
7 offer and sale of securities in violation of §§5, 12(a)(1), and 15 of the Securities Act.

8 13. This Court also has personal jurisdiction over Defendants because they reside in or
9 have their principal places of business in California.

10 **PARTIES**

11 14. Lead Plaintiff Avner Greenwald is an individual and a resident of Israel. Plaintiff
12 bought and sold XRP in both USD and Bitcoin between December 14, 2017 and May 12, 2018, and
13 suffered losses on those investments as a result of the scheme alleged herein.

14 15. Defendant Ripple Labs, Inc. is a Delaware corporation with its principal place of
15 business at 300 Montgomery Street, 12th Floor, San Francisco, California. Ripple Labs operates
16 RippleNet, a global payments network based on blockchain technology. Through RippleNet, banks
17 and payment providers can use XRP to process, clear, and settle financial transactions in real-time
18 worldwide. Ripple Labs created XRP and, at all relevant times, solicited purchases of XRP by
19 Plaintiff and the Class for its own benefit and the benefit of its executives and owners.

20 16. Defendant XRP II, LLC is wholly owned subsidiary of Ripple Labs. XRP II is a
21 South Carolina limited liability company with its principal place of business in San Francisco,
22 California. XRP II sold XRP and solicited the purchases of XRP by Plaintiff and the Class for its
23 own benefit and the benefit of its parent, Ripple Labs, and its executives and owners.

24 17. Defendant Bradley Garlinghouse (“Garlinghouse”) is the Chief Executive Officer
25 (“CEO”) of Ripple Labs and has been since January 2017. Garlinghouse was Ripple Labs’
26 President and Chief Operating Officer from April 2015 through December 2016. Garlinghouse is a
27 California citizen and a resident of San Mateo County. Garlinghouse exercised control over Ripple
28

1 Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the
2 public.

3 18. Defendant Christian (Chris) Larsen ("Larsen") is Executive Chairman of Ripple
4 Labs' Board of Directors and has been since January 2017. Larsen is also a co-founder of Ripple
5 Labs and a former CEO of Ripple Labs (through December 2016). Larsen exercised control over
6 Ripple Labs and directed and/or authorized, directly or indirectly, the sale and/or solicitation of
7 XRP to the public.

8 19. Defendant Ron Will ("Will") is Chief Financial Officer of Ripple Labs and has been
9 since November 2017. Will exercised control over Ripple Labs and directed and/or authorized,
10 directly or indirectly, the sale and/or solicitation of XRP to the public.

11 20. Defendant Antoinette O'Gorman ("O'Gorman") is Chief Compliance Officer of
12 Ripple Labs. O'Gorman exercised control over Ripple Labs and directed and/or authorized,
13 directly or indirectly, the sale and/or solicitation of XRP to the public.

14 21. Defendant Eric van Miltenburg ("van Miltenburg") is Senior Vice President for
15 Business Operations of Ripple Labs. Van Miltenburg exercised control over Ripple Labs and
16 directed and/or authorized, directly or indirectly, the sale and/or solicitation of XRP to the public.

17 22. Defendant Susan Athey ("Athey") is a Director of Ripple Labs. As a Director, Athey
18 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale
19 and/or solicitation of XRP to the public.

20 23. Defendant Zoe Cruz ("Cruz") is a Director of Ripple Labs. As a Director, Cruz
21 exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the sale
22 and/or solicitation of XRP to the public.

23 24. Defendant Ken Kurson ("Kurson") is a Director of Ripple Labs. As a Director,
24 Kurson exercised control over Ripple Labs and directed and/or authorized, directly or indirectly,
25 the sale and/or solicitation of XRP to the public.

1 25. Defendant Ben Lawskey ("Lawskey") is a Director of Ripple Labs. As a Director,
2 Lawskey exercised control over Ripple Labs and directed and/or authorized, directly or indirectly,
3 the sale and/or solicitation of XRP to the public.

4 26. Defendant Anja Manuel ("Manuel") is a Director of Ripple Labs. As a Director,
5 Manuel exercised control over Ripple Labs and directed and/or authorized, directly or indirectly,
6 the sale and/or solicitation of XRP to the public.

7 27. Defendant Takashi Okita ("Okita") is a Director of Ripple Labs. As a Director,
8 Okita exercised control over Ripple Labs and directed and/or authorized, directly or indirectly, the
9 sale and/or solicitation of XRP to the public.

10 28. The defendants referred to in ¶¶17-27 are referred to as the "Individual Defendants."

11 **SUBSTANTIVE ALLEGATIONS**

12 **A. The Background of XRP**

13 29. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
14 validating transactions on their networks, all 100 billion XRP in existence were created out of thin
15 air by Ripple Labs in 2013. Twenty billion XRP, or 20% of the total XRP supply, were given to
16 the individual founders of Ripple Labs,² with the remaining 80 billion retained by Ripple Labs.

17 30. As for 80 billion XRP held by Ripple Labs, the plan was to sell them and use the
18 proceeds to fund and improve Company operations, including the XRP ledger network.

19 31. Ripple Labs' own wiki notes that "Ripple Labs sells XRP to fund its operations and
20 promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop and
21 promote the Ripple protocol and network."³

22 32. In the first quarter of 2018, "market participants purchased \$16.6 million [of XRP]
23 directly from XRP II, LLC," XRP II also "sold \$151.1 million worth of XRP" on exchange.⁴

24
25 ² Defendant Chris Larsen received 9.5 billion XRP.

26 ³ Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP funds the development and
27 promotion of the protocol and the network (last visited June 29, 2018).

1 33. Ripple Labs' primary business involves the operation of an open ledger protocol,
2 payment, and exchange network. The native cryptocurrency for Ripple Labs' exchange network is
3 XRP. Thus, XRP is both an investment in the Company (as sales are used to fund Company
4 operations with the expectation that such investments in the Company will increase the value of
5 XRP) and an investment in itself (with the expectation that the value of XRP will increase), as well
6 as a means of exchange promoted by Ripple Labs.

7 34. Ripple Labs' exchange network is based around the XRP Ledger. The XRP Ledger
8 consists of many servers, called nodes, which accept and process transactions. Client applications
9 sign and send transactions to nodes, which then relay these candidate transactions throughout the
10 network for processing. Transactions are then verified and become part of the XRP Ledger through
11 a consensus process. Every XRP transaction must be made through Ripple Labs' XRP Ledger,
12 which is maintained by Defendants. In order to open an account on the XRP Ledger, users must
13 maintain a minimum account balance of 20 XRP. In addition, each time a transaction is made in
14 XRP, there is a transaction cost to users.

15 35. Ripple Labs' founders and other Company insiders have also profited individually
16 from their XRP holdings. In January 2018, Ripple co-founder Defendant Larsen was named one of
17 the richest people in the United States, with an estimated net worth of \$59.9 billion, primarily due
18 to the increase in value in XRP and his personal ownership of billions of XRP and his significant
19 stake in the Company.⁵

20 36. Defendants have control over how many XRP are in the market.

21 37. No registration statement has been filed for XRP with the SEC and no registration
22 statement is in effect for XRP.

23
24
25 ⁴ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/> (last
visited June 29, 2018).

26 ⁵ [https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html)
27 [on-paper.html](https://www.cnbc.com/2018/01/04/ripple-co-founder-is-now-richer-than-the-google-founders-on-paper.html) (last visited on June 29, 2018).

1 **B. Defendants Solicit XRP Sales**

2 38. From 2013 to the present, Defendants and their affiliates have been engaged in an
3 ongoing scheme to sell XRP to the general public.

4 39. Ripple Labs dedicates an entire section of its website to providing advice on “How to
5 Buy XRP.” This section provides links to online exchanges and instructions on “[h]ow to buy
6 XRP” on those exchanges.⁶ It also has a section titled “Market Performance” which proclaims that
7 Ripple Labs is “committed to the long term health and stability of XRP markets.”⁷

8 40. Ripple Labs also consistently promotes the availability of XRP on exchanges. For
9 example, on May 18, 2017, its Senior Vice-President for Business Development, Patrick Griffin,
10 tweeted a link to the Kraken exchange with the caption: “Kraken Introduces New Fiat Pairs for
11 XRP Trading! USD, JPY, CAD, EUR @ Ripple.”⁸

12 41. Similarly, on or about December 21, 2017, Ripple Labs tweeted in Japanese that
13 XRP was now available on over 50 exchanges.⁹ That tweet linked to an article on Ripple Labs’
14 website which described XRP as “the fastest and most scalable [digital] asset on the market.”¹⁰ It
15 continued, “[t]he market is taking notice of XRP’s speed, reliability and scalability – which has
16 strengthened the demand for XRP and where it’s listed. In fact, we’re proud to announce that XRP
17 has gone from being listed on six exchanges earlier this year to more than 50 worldwide.” The
18 article also links to a number of online exchanges where XRP can be purchased, and states that
19 “XRP’s long-term value is determined by its utility – including its ability to help financial
20 institutions source liquidity for payments into and out of emerging markets.”

21
22 ⁶ XRP Buying Guide, <https://ripple.com/xm/buy-xrp/> (last visited on June 29, 2018).

23 ⁷ Market Performance, <https://ripple.com/xrp/market-performance/> (last visited on June 29, 2018)

24 ⁸ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233> (last visited on June
25 29, 2018).

26 ⁹ @Ripple, <https://twitter.com/Ripple/status/943999526783905792> (last visited on June 29, 2018).

27 ¹⁰ XRP Now Available on 50 Exchanges Worldwide, [https://ripple.com/insights/xrp-now-
28 available-on-50-exchanges-worldwide/](https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/) (last visited on June 29, 2018).

1 42. Ripple Labs also hosts conferences to generate interest in XRP. For example,
2 between October 16 and October 18, 2017, it hosted a conference named “Swell” in Toronto.
3 Ripple Labs acknowledged that “[a]nticipation around the event spurred a meaningful spike in
4 XRP, pushing it up 100 percent[.]”¹¹

5 43. On the same day, CoinDesk, a subsidiary of Digital Currency Group, which has an
6 ownership interest in Ripple Labs, published an article titled “Ripple Price Passes Historic \$1
7 Milestone.”¹² This was just one of many instances in which Ripple Labs would promote price
8 movements of XRP.

9 44. Ripple Labs’ promotion of XRP’s price reached new highs in December 2017. In
10 one instance, Ripple’s XRP product manager retweeted a tweet exclaiming: “Wow, XRP at all-time
11 high! Forget about bitcoin, *we’re all in on XRP!*” (Emphasis added.)¹³

12 45. Around that same time, on or about December 7, 2017, Ripple Labs announced that
13 it had placed “55 billion XRP in a cryptographically-secured escrow account to create certainty of
14 XRP supply at any given time.”¹⁴ It had been previously announced in May 2017 that this would
15 happen along with a limited distribution schedule. This was done to limit the available supply of
16 XRP and drive price appreciation, which allowed Defendants to maximize profits from XRP sales.
17 The December 7, 2017 announcement stated:

18 By securing the lion’s share of XRP in escrow, people can now mathematically verify
19 the maximum supply that can enter the market. While Ripple has proved to be a
20 responsible steward of XRP supply for almost five years – and has clearly
21 demonstrated a tremendous track record of investing in and supporting the XRP

22 ¹¹ 14Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last
23 visited on June 29, 2018).

24 ¹² Ripple Price Passes Historic \$1 Milestone, <https://www.coindesk.com/ripple-price-passes-historic-1-milestone/> (last visited on June 29, 2018).

25 ¹³ @warpaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829 (last visited on June
26 29, 2018).

27 ¹⁴ <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability> (last visited on
28 June 29, 2018).

ecosystem – this lockup eliminates any concern that Ripple could flood the market, which we’ve pointed out before is a scenario that would be bad for Ripple!¹⁵

46. The article contained a button to allow readers to share it on Twitter with the caption “Game changer for \$XRP! 55 billion XRP now in escrow.”¹⁶ Ripple also promoted this article through its own tweet, which proclaimed: “55B \$XRP is now in escrow. Interested in what this means for \$XRP markets?”¹⁷ Garlinghouse was even more enthusiastic, tweeting: “Boom! 55 B \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to finally let this #cryptokitty out of the bag!”¹⁸

47. Ripple’s public commitment to limit the supply of XRP had its intended effect. In the weeks that followed, the price of XRP rapidly increased, from approximately \$0.22 per token on December 7, 2017 to \$3.38 per token on January 7, 2018.¹⁹

48. Ripple Labs’ CEO, Brad Garlinghouse, has also been a vocal advocate for investing in XRP. In a December 14, 2017 interview with Canada’s Business News Network (“BNN”), when asked if he is personally invested in XRP, the CEO stated “I’m long XRO, I’m very, very long XRP as a percentage of my personal balance sheet.” He continued, stating that he is “not long some of the other [digital] assets, because it is not clear to me what’s the real utility, what problem are they really solving.” And ended by reiterating “if you’re solving a real problem, if it’s a scaled problem, then I think you have a huge opportunity to continue to grow that. We have been really fortunate obviously, *I remain very, very, very long XRP*, there is an expression in the industry HODL, instead of hold, its HODL . . . I’m on the HODL side” (emphasis added).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ <https://twitter.com/Ripple/status/938933967956389889>.

¹⁸ <https://twitter.com/bgarlinghouse/status/938933791145336832?lang=en>.

¹⁹ XRP would subsequently lose nearly all its value in just over three months, falling to a low of approximately \$0.48 per token on April 6, 2018.

1 49. Later that same day, Garlinghouse tweeted: "Bloomberg welcomes \$XRP to
2 @theterminal and gets it right – #2 market cap behind \$BTC at ~\$80BB!"²⁰

3 50. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article
4 titled "Bitcoin Is So 2017 as Ripple Soars at Year End," with the caption "I'll let the headline speak
5 for itself. \$xrp."²¹

6 51. On or about January 17, 2018, Garlinghouse tweeted a CNBC article titled "Ripple is
7 sitting on close to \$80 billion and could cash out hundreds of millions per month-but it isn't," with
8 the caption "A good read on why fostering a healthy \$XRP ecosystem is a top priority at @Ripple."

9 52. However, the reality was that Ripple Labs was doing exactly that – cashing out.
10 Defendants sold at least \$167.7 million worth of XRP between January 1, 2018 and March 31,
11 2018.

12 53. Given its reliance on sales of XRP to fund its operations, it is unsurprising that
13 Ripple Labs' aggressively markets XRP to drive demand, increase the price of XRP, and
14 consequently, its own profits.

15 54. Defendants' advertising and social media postings also conflate adoption and use of
16 Ripple Labs' xCurrent and xVia enterprise solutions with adoption and use of XRP, even though
17 they often have little to no correlation and do not involve the XRP Ledger. Defendants do this to
18 drive demand for XRP and thereby maximize profits from XRP sales.

19 55. According to its site, "xCurrent is Ripple's enterprise software solution that enables
20 banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks
21 message each other in real-time to confirm payment details prior to initiating the transaction and to
22 confirm delivery once it settles."²²

23 ²⁰ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464> (last visited on
24 June 29, 2018).

25 ²¹ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248> (last visited on
26 June 29, 2018).

27 ²² Process Payments, xCurrent, <https://ripple.com/solutions/process-payments/> (last visited on June
28 29, 2018).

1 56. xCurrent doesn't operate on the same technology as XRP or even require the use of
2 XRP. In short, there is no reason to believe that adoption of xCurrent would correlate in any way
3 with adoption of XRP.

4 57. Nor does use of Ripple Labs' xVia product require adoption of XRP. Ripple Labs
5 states that its xVia product is "for corporates, payment providers and banks who want to send
6 payments across various networks using a standard interface."²³

7 58. Ripple Labs nevertheless conflates the adoption of xCurrent and xVia with the
8 adoption of XRP.

9 59. Another of Ripple Labs' enterprise solutions, xRapid, which does use XRP, is also
10 used to drive XRP sales (xRapid, along with xCurrent and xVia, are together referred to herein as
11 "Ripple Labs' Enterprise Solutions").

12 60. Indeed, Ripple Labs regularly promotes its improvements to the XRP ecosystem,
13 which are intended to increase demand for XRP and thus potential returns for XRP investors. For
14 example, in describing the reasons behind the dramatic price appreciation of XRP during the fourth
15 quarter of 2017, Ripple specifically cited as of "particular importance," the Company's various business
16 initiatives, including: (i) Ripple's partnership with American Express/Santander; (ii) Ripple's activation
17 of the previously discussed escrow of XRP to limit periodic offers and distributions; and (iii) a
18 Japanese/Korean banking consortium backed by the Company.²⁴ In the report, Ripple stated that its
19 "consistent and steadfast support of XRP is a major advantage as the payments industry continues to
20 seriously consider it as an alternative liquidity solution."²⁵

21 61. A November 2015 white paper by the Company highlighted "XRP's Role on Ripple
22 and the Internet of Value" and how the Company's technologies could turn a "Spark to a Wildfire"

23
24 ²³ Send Payments, xVia, <https://ripple.com/solutions/send-payments/> (last visited on June 29,
25 2018).

26 ²⁴ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/>.

27 ²⁵ *Id.*

1 by increasing liquidity and efficiencies for cross-border transactions for the Company's banking
2 clients. A February 2016 white paper followed up on those purported "network effects," claiming
3 that the use of the Ripple network at XRP would increase banks' returns on investment by
4 improving the global payment infrastructure.

5 62. In addition, on March 20, 2017, Ripple Labs retweeted a Bloomberg article regarding
6 adoption of Ripple Labs Enterprise Solutions, proclaiming "Ripple is the only company in this
7 space with real customers who are really in production."²⁶

8 63. The price of XRP increased rapidly following this tweet and on March 24, 2017
9 Ripple Labs tweeted: "The price of #XRP continues to surge showing that people are looking for
10 #bitcoin alternatives."²⁷

11 64. On April 26, 2017, Ripple Labs tweeted a link to an article on its own site,
12 proclaiming "#Ripple welcomes 10 additional customers to our #blockchain #paymentsnetwork."²⁸
13 Neither this tweet nor the article it linked to informed readers that the blockchain payments
14 network did not refer to the XRP Ledger, but rather Ripple's xCurrent enterprise solution.

15 65. Just days later, on May 3, 2017, with the price of XRP continuing to rise, Ripple
16 Labs tweeted: "#Ripple adoption is sparking interest in XRP 'which has had an impressive rally in
17 the last months' via @Nasdaq."²⁹

18 66. Articles such as "Ripple XRP price picks up pace as demand for xVia API increases"
19 have made the direct connection between the price of XRP and the adoption of the Company's
20
21
22
23

24 ²⁶ @Ripple, <https://twitter.com/Ripple/status/844009778309357568> (last visited on June 29, 2018).

25 ²⁷ @Ripple, <https://twitter.com/Ripple/status/845347809830195200> (last visited June 29, 2018).

26 ²⁸ @Ripple, <https://twitter.com/Ripple/status/857267304618278912> (last visited June 29, 2018).

27 ²⁹ @Ripple, <https://twitter.com/Ripple/status/859904105916923904> (last visited June 29, 2018).

1 Enterprise Solutions.³⁰ Ripple itself has made this link, for example tweeting on May 16, 2017: “The
2 appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin.”³¹

3 67. On June 29, 2017, Ripple Labs tweeted a clip of an interview its CEO Brad
4 Garlinghouse gave on CNBC with the caption: “#XRP-up 4000% this year-has shown the market
5 favors a real use case for #digitalassets”³² In that interview, Garlinghouse proclaims that
6 “digital assets are in a position to be more valuable than gold,” and describes XRP as “solving a
7 real-world use case, it’s not just about speculators.”

8 68. On September 11, 2017, Garlinghouse stated in an interview with CNBC: “People are
9 looking at the success Ripple has been having as a company, *and I think that’s increased the value of*
10 *XRP.*”³³ (emphasis added). He continued by stating that Ripple wants “to keep focusing on making
11 XRP a valuable payments tool, and that value will increase accordingly,” and he was “voting with my
12 . . . pocketbook on the future increased value of cryptocurrencies.”³⁴

13 69. On November 27, 2017, Garlinghouse tweeted “Ripple & \$XRP are giving business
14 ‘what they want in a #blockchain,’” along with a link to a Motley Fool tweet.³⁵ That Motley Fool
15 tweet in turn stated that “AmEx and Banco Santander will use Ripple’s blockchain network for
16 instant intl. fund transfers. *Could be a big deal for Ripple’s XRP cryptocurrency.* \$ASP \$SAN”
17 (emphasis added.)³⁶

18
19 ³⁰ <https://globalcoinreport.com/ripple-xrp-price-picks-up-pace-as-demand-for-xvia-api-increases/>.

20 ³¹ @Ripple, <https://twitter.com/Ripple/status/864635614020251649>.

21 ³² @Ripple, <https://twitter.com/Ripple/status/880532198025121793> (last visited June 29, 2018).

22 ³³ <https://www.cnbc.com/2017/09/11/ripple-ceo-brad-garlinghouse-on-bitcoin-and-xrp.html> (last
23 visited June 29, 2018).

24 ³⁴ *Id.*

25 ³⁵ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366> (last visited on
26 June 29, 2018).

27 ³⁶ @themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553> (last visited on
28 June 29, 2018).

1 70. Similarly, on December 14, 2017, Ripple Labs tweeted: “The Japan Bank
2 Consortium launched a Ripple pilot with two large Korean Banks – the first time money moves
3 from Japan to Korea over RippleNet.”³⁷ On that same day, Ripple Labs tweeted “@garlinghouse
4 [its CEO’s twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$
5 problem @Ripple is solving and why \$XRP will come out on top.”³⁸

6 71. Ripple Labs would later acknowledge that “neither the AMEX news nor the Korean
7 bank initiative involved XRP.”

8 72. Nevertheless, this tweet linked to a BNN interview with Mr. Garlinghouse, in which
9 he says:

10 The reason why XRP has performed so well this year, we’re solving a real problem,
11 it’s a multi-trillion dollar problem around cross-border payments. There is a lot of
12 friction its very slow its expensive, we’re working with the institutions to deal with
13 that, so people have gotten excited. We now have over 100 customers we’ve
14 announced publicly.

15 He continues,

16 [A]t the end of the day the value of digital assets will be driven by their utility. If
17 they are solving a real problem, and that problem has scale, and that problem, you
18 know there is real value there, then there will be demand for the tokens and the price
19 will go up. For XRP we have seen because *its required*, its something that can really
20 reduce the friction, and we’re talking about a multi-trillion dollar problem in how
21 cross-border payments flow. And so, I think if you drive real utility, yes there’s
22 going to be demand for that. *XRP is up 100x this year*, and I think it’s *because the*
23 *problem we are solving people realize is a real problem, it’s a big problem.*

24 (Emphasis added.)

25 73. On January 4, 2018, following XRP’s rapid price increase, *The New York Times*
26 published an article by Nathaniel Popper titled: “Rise of Bitcoin Competitor Ripple Creates Wealth
27 to Rival Zuckerberg.”³⁹ Mr. Popper tweeted a link to this article with the caption: “On the rise of
28

37 @Ripple, <https://twitter.com/Ripple/status/941501026267316224> (last visited on June 29, 2018).

38 @Ripple, <https://twitter.com/Ripple/status/941352005058011137> (last visited on June 29, 2018).

39 @nathanielpopper, “Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg,”
NY TIMES (Jan. 4, 2018).

1 Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies”⁴⁰. He further
 2 commented, “I’ve asked several people close to banks if banks are indeed planning to begin using
 3 Ripple’s token XRP, in a serious way, which is what investors seem to assume when they buy in at
 4 the current XRP prices. This is a sampling what I heard back:

- 5 • Actual use of XRP by banks is not something I’ve heard about, I find the
 6 run up absolutely bluffing, as do all the blockchain folks I know at large
 7 Fis.
- 8 • XRP isn’t used for anything. The hope is that someday it will be by
 9 banks, but there really aren’t banks signaling that yet.
- 10 • I would be surprised if there have been any real bank transactions done
 11 with it (outside of maybe test transactions), despite people making claims
 12 to the contrary.
- 13 • It’s not clear to me why XRP would be used by banks at all. XRP could
 14 potentially be adopted by consumers as a payment rail, although they
 15 don’t yet have meaningful traction in that regard.
- 16 • I haven’t seen a sufficiently large catalyst in the fundamentals of Ripple to
 17 justify a greater than 10x move in the price of \$XRP in the last month.
- 18 • In a few years we’re going to look back on 2017 and think WTF were we
 19 thinking.”⁴¹

20 74. Defendant Garlinghouse publicly responded to this, tweeting: “Over the last few
 21 months I’ve spoken with ACTUAL banks and payment providers. They are indeed planning to use
 22 xRapid (our XRP liquidity product) in a serious way” He follows up stating, “I don’t think
 23 you want to hear about validation for XRP. The @NYTimes should be above spreading
 24 anonymous FUD.”⁴² FUD, which stands for fear, uncertainty, and doubt, is an expression
 25 frequently used among crypto-investors to deride or undermine criticism of an asset.

26 75. On January 4, 2018, Ripple’s XRP product manager also attacked Mr. Popper,
 27 tweeting: “Do you think I left #Bitcoin and joined @Ripple to build bank software? Think again.

28 ⁴⁰ @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

⁴¹ @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

⁴² @nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited on June 29, 2018).

1 \$XRP.”⁴³ This tweet linked to a Ripple Labs tweet stating that “3 of the top 5 global money
2 transfer companies plan to use XRP in payment flows in 2018. Even more in the pipeline.”

3 76. In January 2018, Ripple Labs touted “a partnership with MoneyGram – one of the
4 world’s largest money transfer companies – to use xRapid and XRP for near real-time cross-border
5 payments. In addition, there are a number of other xRapid deals at various stages of completion in
6 the pipeline.” It also stated that it wanted “to build the necessary markets infrastructure for
7 eventual direct usage of XRP by financial institutions.” Defendant Garlinghouse commented on
8 this partnership, saying: “And to be clear: @MoneyGram announcement is one step in a marathon
9 ahead to truly make \$XRP the global liquidity solution for payment providers and banks.”⁴⁴

10 77. By way of the internet, including Ripple Labs’ website, Twitter, and the over 50
11 cryptocurrency exchanges that trade XRP, interstate means are used in connection with the offer
12 and sale of XRP.

13 C. XRP Is a Security

14 78. Plaintiff and the Class invested fiat, including U.S. dollars, and other digital
15 currencies, such as Bitcoin and Ethereum, to purchase XRP.

16 79. Defendants sold XRP to the general public through global, online cryptocurrency
17 exchanges. XRP can be bought or sold on over 50 exchanges.

18 80. Every purchase of XRP by a member of the public is an investment contract.

19 81. Under Section 2(a)(1) of the Securities Act, a “security” is defined to include an
20 “investment contract.” 15 U.S.C. § 77b(a)(1). An investment contract is “an investment of money
21 in a common enterprise with profits to come solely from the efforts of others.” *S.E.C. v. W.J.*
22 *Howey Co.*, 328 U.S. 293, 301 (1946). Specifically, a transaction qualifies as an investment
23 contract and, thus, a security if it is: (1) an investment; (2) in a common enterprise; (3) with a
24

25 ⁴³ @Warren Paul Anderson, <https://twitter.com/warpaul> (last visited on June 29, 2018).

26 ⁴⁴ @bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912> (last visited on
27 June 29, 2018).

1 reasonable expectation of profits; (4) to be derived from the entrepreneurial or managerial efforts of
2 others. *See United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852-53 (1975). This
3 definition embodies a “flexible rather than a static principle, one that is capable of adaptation to
4 meet the countless and variable schemes devised by those who seek the use of the money of others
5 on the promise of profits,” and thereby “permits the fulfillment of the statutory purpose of
6 compelling full and fair disclosure relative to the issuance of ‘the many types of instruments that in
7 our commercial world fall within the ordinary concept of a security.’” *Howey*, 328 U.S. at 299.
8 Accordingly, in analyzing whether something is a security, “form should be disregarded for
9 substance,” and the emphasis should be “on economic realities underlying a transaction, and not on
10 the name appended thereto.” *Forman*, 421 U.S. at 849.

11 82. Plaintiff and the Class were investing in a common enterprise with a reasonable
12 expectation of profits when they invested in XRP.

13 83. The profits of Plaintiff and the Class are intertwined with the fortunes of Ripple
14 Labs. Ripple Labs concedes that it “sells XRP to fund its operations and promote the network.
15 This allows Ripple Labs to have a spectacularly skilled team to develop and promote the Ripple
16 protocol and network.”⁴⁵

17 84. Notably, the SEC has already concluded that virtual currency substantially similar to
18 XRP are “securities and therefore subject to the federal securities laws.” As stated by the SEC,
19 “issuers of distributed ledger or blockchain technology-based securities must register offers and
20 sales of such securities unless a valid exemption applies.”⁴⁶

21 85. No such valid exemption from registration requirements exists for XRP.

22 86. The current SEC Chairman, Jay Clayton, III, recently said, “I have yet to see an ICO
23 that doesn’t have a sufficient number of hallmarks of a security.”⁴⁷

24 ⁴⁵ Ripple credits, <https://wiki.ripple.com/Ripple/credits#XRP> (last visited on June 29, 2018).

25 ⁴⁶ Press Release: *SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were*
26 *Securities*, SEC (July 25, 2017), <https://www.sec.gov/news/press-release/2017-131>.

27 ⁴⁷ Dave Michaels and Paul Vigna, “SEC Fires Warning Shot Against Coin
28 Offerings,” *WALL STREET JOURNAL* (Nov. 9, 2017).

CLASS ACTION ALLEGATIONS

87. This suit is brought as a class action pursuant to Section 382 of the California Code of Civil Procedure, on behalf of a Class of all persons or entities who purchased XRP from July 3, 2015 through the present. Excluded from the Class are Defendants; the officers and directors of the Company and XRP II at all relevant times; members of their immediate families and their legal representatives, heirs, successors, or assigns; and any entity in which Defendants have or had a controlling interest.

88. Plaintiff reserves the right to amend the Class definition if further investigation and/or discovery indicate that the Class definition should be modified.

89. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members of the proposed Class. The members of the proposed Class may be identified from records maintained by the Company and may be notified of the pendency of this action by mail, using customary forms of notice that are commonly used in securities class actions.

90. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct.

91. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

92. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether XRP are securities under the Securities Act;
- (b) whether the sale of XRP violates the registration requirements of the Securities Act; and
- (c) to what extent Plaintiff and members of the Class have sustained damages and the proper measure of damages.

CAUSES OF ACTION

**Unregistered Offering and Sale of Securities in Violation of
Sections 5 and 12(a)(1) of the Securities Act
(Against All Defendants)**

100. The U.S. Supreme Court has held that statutory sellers under §12(a)(1) also include “the buyer’s immediate seller” and any person who actively solicited the sale of the securities to plaintiff and

1 did so for financial gain. *See Pinter v. Dahl*, 486 U.S. 622, 644 n.21 & 647 (1988); *accord, e.g., Steed*
2 *Finance LDC v. Nomura Sec. Int'l, Inc.* No. 00 Civ. 8058, 2001 WL 1111508, at *7 (S.D.N.Y. Sept. 20,
3 2001). That is, §12(a)(1) liability extends to sellers who actively solicit the sale of securities with a
4 motivation to serve their own financial interest or those of the securities owner. *Pinter v. Dahl*, 486 U.S.
5 622, 647 (1988); *Capri v. Murphy*, 856 F.2d 473, 478 (2d Cir. 1988). Ripple Labs, XRP II, and the
6 Individual Defendants are all statutory sellers.

7 101. By reason of the foregoing, each of the Defendants have violated Sections 5(a), 5(c), and
8 12(a) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), and 771(a).

9 102. As a direct and proximate result of Defendants' unregistered sale of securities, Plaintiff
10 and the Class have suffered damages in connection with their XRP purchases.

11 SECOND CAUSE OF ACTION

12 Violation of Section 15 of the Securities Act 13 (Against Ripple Labs and the Individual Defendants)

14 103. Plaintiff, on behalf of himself and all others similarly situated, realleges and incorporates
15 herein by reference, each and every allegation contained in the preceding paragraphs of this Complaint,
16 and further alleges as follows:

17 104. This Count is asserted against Defendants Ripple Labs and the Individual Defendants
18 (collectively, the "Control Person Defendants") under Section 15 of the Securities Act, 15 U.S.C. §77o.

19 105. The Control Person Defendants, by virtue of their offices, ownership, agency, agreements
20 or understandings, and specific acts were, at the time of the wrongs alleged herein, and as set forth
21 herein, controlling persons within the meaning of Section 15 of the Securities Act. The Control Person
22 Defendants, and each of them, had the power and influence and exercised the same to cause the
23 unlawful offer and sale of XRP securities as described herein.

24 106. The Control Person Defendants, separately or together, possess, directly or indirectly, the
25 power to direct or cause the direction of the management and policies of XRP II, through ownership of
26 voting securities, by contract, subscription agreement, or otherwise.

27 107. The Control Person Defendants also have the power to direct or cause the direction of the
28 management and policies of Ripple Labs.

108. The Control Person Defendants, separately or together, have sufficient influence to have caused XRP II and/or Ripple Labs to submit a registration statement.

109. The Control Person Defendants, separately or together, jointly participated in Ripple Labs' and/or XRP II's failure to register XRP.

110. By virtue of the conduct alleged herein, the Control Person Defendants are liable for the wrongful conduct complained of herein and are liable to Plaintiff and the Class for rescission and/or damages suffered.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring this action to be a proper class action and certifying Plaintiff as Class representative;

B. Declaring that Defendants offered and sold unregistered securities in violation of Sections 5(a), 12(a), and 15 of the Securities Act;

C. Awarding Plaintiff and the other members of the Class rescission of their XRP purchases;

D. Awarding Plaintiff and the other members of the Class compensatory damages;

E. Awarding Plaintiff and the other members of the Class pre-judgment and post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and disbursements;

F. Requiring an accounting of all remaining assets and funds raised by Defendants through the sale of XRP;

G. Imposing a constructive trust over the assets and funds raised by Defendants through the sale of XRP;

H. Enjoining and restraining Defendants from violating the securities laws through the continued unregistered sale of XRP; and

1 I: Awarding Plaintiff and the other members of the Class such other and further relief as the
2 Court may deem just and proper.

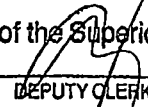
3 DATED: July 3, 2018

SCOTT+SCOTT ATTORNEYS AT LAW LLP

4
5
6 JOHN P. JASNOCH (CA 281605)
600 W. Broadway, Suite 3300
7 San Diego, CA 92101
8 Telephone: 619-233-4565
9 Facsimile: 619-233-0508
Email: jjasnoch@scott-scott.com

10 SCOTT+SCOTT ATTORNEYS AT LAW LLP
11 THOMAS L. LAUGHLIN, IV (*Pro Hac Vice*
12 forthcoming)
13 RHIANA SWARTZ
14 The Helmsley Building
15 230 Park Avenue, 17th Floor
16 New York, NY 10169
17 Telephone: 212-223-6444
18 Facsimile: 212-223-6334
19 Email: tloughlin@scott-scott.com
20 rschwartz@scott-scott.com

21 *Counsel for Plaintiff*

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): John T. Jasnoch (281605) Scott & Scott Attorneys at Law LLP 600 W. Broadway, Suite 3300 San Diego, CA 92101 TELEPHONE NO: 619-233-4565 FAX NO: 619-233-0508 ATTORNEY FOR (Name): Plaintiff Avner Greenwald		CM-010 FILED SAN MATEO COUNTY JUL 03 2018 Clerk of the Superior Court By  DEPUTY CLERK CASE NUMBER: 18CV03461
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME: Southern Branch (Hall of Justice)		
CASE NAME: Greenwald v. Ripple Labs, Inc.		
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less) Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)		

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:		
Auto-Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)

2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input checked="" type="checkbox"/> Large number of separately represented parties | d. <input checked="" type="checkbox"/> Large number of witnesses |
| b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): There are two: 15 U.S.C. sections 771 and 770
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case: (You may use form CM-015.)

Date: July 3, 2018

John T. Jasnoch

(TYPE OR PRINT NAME)

SIGNATURE OF PARTY OR ATTORNEY FOR PARTY

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

FILE BY FAX

CM-010

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (48) *(if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)*

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability *(not asbestos or toxic/environmental)* (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) *(not civil harassment)* (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice *(not medical or legal)*
Other Non-PI/PD/WD Tort (35)

Employment

Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract *(not unlawful detainer or wrongful eviction)*
Contract/Warranty Breach—Seller
Plaintiff *(not fraud or negligence)*
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller/Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage *(not provisionally complex)* (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property *(not eminent domain; landlord/tenant, or foreclosure)*

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) *(if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)*

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case/Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims *(arising from provisionally complex case type listed above)* (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment *(non-domestic relations)*
Sister State Judgment
Administrative Agency Award *(not unpaid taxes)*
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

RICO (27)
Other Complaint *(not specified above)* (42)
Declaratory Relief Only
Injunctive Relief Only *(non-harassment)*
Mechanics Lien
Other Commercial Complaint Case *(non-tort/non-complex)*
Other Civil Complaint *(non-tort/non-complex)*

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition *(not specified above)* (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

SUMMONS (CITACIÓN JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

AVNER GREENWALD, Individually and on Behalf of All Others
Similarly Situated

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

RIPPLE LABS, INC., a Delaware corporation, XRP II, LLC, a South
Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

SUM-100

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

FILED

SAN MATEO COUNTY

JUL 03 2018

Clerk of the Superior Court
By DEPUTY CLERK

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): San Mateo Superior Court
400 County Center, Redwood City, CA 94063

CASE NUMBER
(Número de caso): **18CV03461**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
John J. Jasnóch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565

DATE: **JUL 03 2018**
(Fecha)

RODINA M. CATALANO

Clerk, by
(Secretario)

Deputy
(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010).)

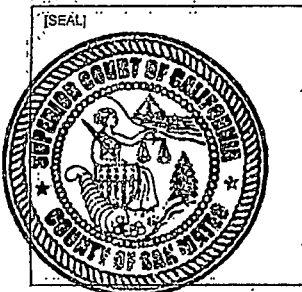
NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

- under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):

4. ☐ by personal delivery on (date):



SUM-200(A)

SHORT TITLE:

Greenwald v. Ripple Labs, Inc., et al..

CASE NUMBER:

18CV08461

INSTRUCTIONS FOR USE

- ➔ This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- ➔ If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☐ Plaintiff

 ☒ Defendant

 ☐ Cross-Complainant

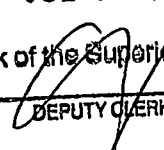
 ☐ Cross-Defendant

CHRISTIAN LARSEN, RON WILL, ANTOINETTE O'GORMAN, ERIC VAN MILTENBURG, SUSAN ATHEY, ZOE CRUZ, KEN KURSON, BEN LAWSKY, ANJA MANUEL, and TAKASHI OKITA,

Defendants:

Page 2 of 2

Page 1 of 1

Attorney or Party without Attorney (Name/Address) John T. Jasnoch (281605) SCOTT+SCOTT ATTORNEYS AT LAW LLP 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 State Bar No.: 281605 Attorney for: Plaintiff	FOR COURT USE ONLY FILED SAN MATEO COUNTY JUL 03 2018 Clerk of the Superior Court By  DEPUTY CLERK Case Number 18 CV 03461
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063	
Plaintiff AVNER GREENWALD	
Defendant RIPPLE LABS, INC. et al.	
Certificate Re: Complex Case Designation	

This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation

1. In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case [or as not a complex case] because at least one or more of the following boxes has been checked:

- ☒ Box 1 – Case type that is best described as being [or not being] provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
- ☐ Box 2 – Complex [or not complex] due to factors requiring exceptional judicial management
- ☐ Box 5 – Is [or is not] a class action suit.

2. This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision];

(1), (2), (3), (4) and (6), this is a securities class action under the Securities Act of 1933 that charges a company and certain of its officers and directors with unregistered sale of securities to investors in violation of the Securities Act. Defendants will obtain separate counsel, and there will be a large number of witnesses and a substantial amount of documentary evidence. Plaintiff will seek class certification.

(attach additional pages if necessary)

3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation [or noncomplex case counter-designation] being made in the attached Civil Case Cover Sheet.

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: 07/03/18

John T. Jashoch

[Type or Print Name]



[Signature of Party or Attorney For Party]

NOTICE OF CASE MANAGEMENT CONFERENCE

Arner Greenwald**FILED**
SAN MATEO COUNTY

Case No:

18 CV 03461Ripple Labs, Inc.

vs.

Set for JULY 03 2018

Date:

NOV. 01 2018

Clerk of the Superior Court

Time 9:00 a.m.

By

DEPUTY CLERK

Dept.

21

Dept.

--on Tuesday & Thursday

--on Wednesday & Friday

You are hereby given notice of your Case Management Conference. The date, time and department have been written above.

1. In accordance with applicable California Rules of the Court and local Rules 2.3(d)1-4 and 2.3(m), you are hereby ordered to:
 - a) Serve all named defendants and file proofs of service on those defendants with the court within 60-days of filing the complaint (CRC 201.7).
 - b) Serve a copy of this notice, Case Management Statement and ADR Information Sheet on all named parties in this action.
 - c) File and serve a completed Case Management Statement at least 15-days before the Case Management Conference [CRC 212(g)]. Failure to do so may result in monetary sanctions.
 - d) Meet and confer; in person or by telephone, to consider each of the issues identified in CRC 212(f) no later than 30-days before the date set for the Case Management Conference.
2. If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Case Management Conference hearing. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.
3. Continuances of Case Management Conferences are highly disfavored unless good cause is shown.
4. Parties may proceed to an appropriate dispute resolution process ("ADR") by filing a Stipulation to ADR and Proposed Order (see attached form). If plaintiff files a Stipulation to ADR and Proposed Order electing to proceed to judicial arbitration, the Case Management Conference will be taken off the court calendar and the case will be referred to the Arbitration Administrator. If plaintiffs and defendants file a completed stipulation to another ADR process (e.g., mediation) 10-days prior to the first scheduled Case Management Conference, the Case Management Conference will be continued for 90-days to allow parties time to complete their ADR session. The court will notify parties of their new Case Management Conference date.
5. If you have filed a default or a judgment has been entered, your case is not automatically taken off Case Management Conference Calendar. If "Does", "Roes," etc. are named in your complaint, they must be dismissed in order to close the case. If any party is in bankruptcy, the case is stayed only as to that named party.
6. You are further ordered to appear in person* (or through your attorney of record) at the Case Management Conference noticed above. You must be thoroughly familiar with the case and fully authorized to proceed.
7. The Case Management judge will issue orders at the conclusion of the conference that may include:
 - a) Referring parties to voluntary ADR and setting an ADR completion date;
 - b) Dismissing or severing claims or parties;
 - c) Setting a trial date.
8. The Case Management judge may be the trial judge in this case.

For further information regarding case management policies and procedures, see the court's website at: www.sanmateocourt.org

*Telephonic appearances at case management conferences are available by contacting CourtCall, LLC, an independent vendor, at least five business days prior to the scheduled conference (see attached CourtCall information).

**ERIOR COURT OF SAN MATEO COUNTY**

Civil Department

400 County Center, Redwood City, CA 94063

(650) 261-5100

www.sanmateocourt.org

AVNER GREENWALD

Plaintiff (s)

vs.

**RIPPLE LABS, INC., A DELAWARE
CORPORATION**

Defendant (s)

Notice of Complex Case Status Conference

Case No.: 18-CIV-03461

Date: **9/5/2018**Time: **9:00 AM**Dept. **PJ**Title: **AVNER GREENWALD VS. RIPPLE LABS, INC., A DELAWARE CORPORATION, ET AL**

You are hereby given notice of your Complex Case Status Conference. The date, time and department have been written above. At this conference, the Presiding Judge will decide whether this action is a complex case within the meaning of California Rules Court ("CRC"), Rule 3.400, subdivision (a) and whether it should be assigned to a single judge for all purposes.

1. In accordance with applicable **San Mateo County Local Rule 2.30**, you are hereby ordered to:
 - a. **Serve** copies of this notice, your Civil Case Cover Sheet, and your Certificate Re: Complex Case Designation on all named parties in this action no later than service of your first appearance pleadings.
 - b. **Give reason notice** of the Complex Case Status Conference to all named parties in this action, even if they have not yet made a first appearance or been formally served with the documents listed in subdivision (a). Such notice shall be given in the same manner as required for an ex parte application pursuant to CRC 3.1203.
2. **If you fail to follow the orders above, you are ordered to show cause why you should not be sanctioned. The Order to Show Cause hearing will be at the same time as the Complex Cause Status Conference. Sanctions may include monetary, evidentiary or issue sanctions as well as striking pleadings and/or dismissal.**
3. An action is provisionally a complex case if it involves one or more of the following types of claims: (1) antitrust or trade regulation claims; (2) construction defect claims involving many parties or structures; (3) securities claims or investment losses involving many parties; (4) environmental or toxic tort claims involving many parties; (5) claims involving massive torts; (6) claims involving class actions; or (7) insurance coverage claims arising out of any of the claims listed in subdivisions (1) through (6). The Court shall treat a provisionally complex action as a complex case until the Presiding Judge has the opportunities to decide whether the action meets the definition in CRC 3.400(a).
4. Any party who files either a Civil Case Cover Sheet (pursuant to CRC 3.401) or counter or joinder Civil Case Cover Sheet (pursuant to CRC 3.402, subdivision (b) or (C)), designating an action as a complex case in Items 1,2 and/or 5, must also file an accompanying Certificate Re: Complex Case Designation in the form prescribed by the Court. The certificate must include supporting information showing a reasonable basis for the complex case designation being sought. Such supporting information may include, without limitation, a brief description of the following factors as they pertain to the particular action: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision.

For further information regarding case management policies and procedures, see the court website at www.sanmateocourt.org

* Telephone appearances at Complex Case Status Conference are available by contacting CourtCall, LLC, and independent vendor, at least 5 business days prior to the scheduled conference.

CLERK'S CERTIFICATE OF MAILING

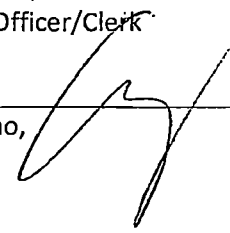
I hereby certify that I am the clerk of this court, not a party of this cause; that I served a copy of this notice on the below date, by placing a copy thereof in separate sealed envelopes addressed to the address shown by the records of this court as set forth above, and by then sealing said envelopes and depositing same, with postage fully pre-paid thereon, in the United States Mail at Red wood City, California.

Date: 7/5/2018

Rodina M. Catalano,
Court Executive Officer/Clerk

By: _____

Antonio Geronimo,
Deputy Clerk



Copies mailed to:

JOHN T JASNOCH
SCOTT+SCOTT ATTORNEYS AT LAW LLP
600 W BROADWAY STE 3300
SAN DIEGO CA 92101

CORRECTED
SUMMONS
(CITACION JUDICIAL)

SUM-100

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

RIPPLE LABS, INC., a Delaware corporation, XRP II, LLC, a South Carolina Limited Liability Company, BRADLEY GARLINGHOUSE,

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):

AVNER GREENWALD; Individually and on Behalf of All Others
 Similarly Situated

FILED
SAN MATEO COUNTY

JUL 06 2018

Clerk of the Superior Court
 By  DEPUTY CLERK

NOTICE: You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
 (El nombre y dirección de la corte es): San Mateo Superior Court
 400 County Center, Redwood City, CA 94063

CASE NUMBER:
 (Número del Caso):

18CN03461

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
 (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
 John T. Jasnoch, 600 W. Broadway, Suite 3300, San Diego, CA 92101, 619-233-4565

DATE:
 (Fecha) JUL 06 2018

RODINA M. CATALANO

Clerk, by
 (Secretario)

Deputy
 (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010))
 (Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010))



NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
 2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)

☐ other (specify):

4. ☐ by personal delivery on (date):

Page 1 of 1

SUM-200(A)

SHORT TITLE: Greenwald v. Ripple Labs, Inc., et al.	CASE NUMBER:
--	--------------

INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☐ Plaintiff ☒ Defendant ☐ Cross-Complainant ☐ Cross-Defendant

CHRISTIAN LARSEN, RON WILL, ANTOINETTE O'GORMAN, ERIC VAN MILTENBURG, SUSAN
 ATHEY, ZOE CRUZ, KEN KURSON, BEN LAWSKY, ANJA MANUEL, and TAKASHI OKITA,

Defendants.

Page 2 of 2

Page 1 of 1

FILED
SAN MATEO COUNTY

OCT 22 2018

Clerk of the Superior Court
By [Signature]
DEPUTY CLERK

ECF DOCUMENT

I hereby attest and certify this is a printed copy of a document which was electronically filed with the United States District Court for the Northern District of California.

Date Filed: OCT 15 2018

SUSAN Y. SOONG, Clerk

By: [Signature] Deputy Clerk

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

18CV03461

AVNER GREENWALD,
Plaintiff,

v.

RIPPLE LABS, INC., et al.,
Defendants.

Case No. 18-cv-04790-PJH

**ORDER GRANTING PLAINTIFF'S
MOTION TO REMAND AND
VACATING HEARING**

Re: Dkt. No. 15

Before the court is plaintiff Avner Greenwald's motion to remand. The matter is fully briefed and suitable for decision without oral argument. Accordingly, the hearing set for October 24, 2018, is VACATED. Having read the parties' papers and carefully considered their arguments and the relevant legal authority, and good cause appearing, the court hereby GRANTS plaintiff's motion to remand, for the following reasons.

This is a putative securities class action brought by plaintiff Greenwald against defendants Ripple Labs, Inc. ("Ripple"), XRP II, LLC, a subsidiary of Ripple and various individual defendants.¹ Compl. ¶¶ 1-2, 11-28. Plaintiff originally filed this action in the San Mateo County Superior Court on July 3, 2018, and served the defendants on July 9, 2018. Dkt. 1.

In summary, plaintiff alleges that Ripple created a digital currency called XRP and "from 2013 to the present, defendants and their affiliates have been engaged in an ongoing scheme to sell XRP to the general public." Compl. ¶¶ 38-41, 78-80. Plaintiff

¹ The individual defendants are Bradley Garlinghouse, Christian Larsen, Ron Will, Antoinette O'Gorman, Eric Van Miltenburg, Susan Athey, Zoe Cruz, Ken Kurson, Ben Lawsky, Anja Manuel, and Takashi Okita.

United States District Court
Northern District of California



18-cv-03461

ORD

Order

1450259

RECEIVED
SAN MATEO COUNTY
OCT 19 2018
Clerk of the Superior Court

RECEIVED
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OCT 19 2018

Clerk of the Superior Court

DEPUTY CLERK

18C1A08481

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OCT 19 2018

Clerk of the Superior Court

1 Greenwald, a resident of Israel, alleges that he “bought and sold XRP in both USD and
2 Bitcoin between December 14, 2017, and May 12, 2018, and suffered losses on those
3 investments as a result of the [defendants’] scheme.” Compl. ¶ 14.

4 Plaintiff further alleges that because XRP qualifies as a “security” under § 2(a)(1)
5 of the Securities Act of 1933 (the “Securities Act”), 14 U.S.C. § 77b(a)(1), Ripple’s past
6 and ongoing sales of XRP constitute the selling of unregistered securities in violation of
7 the Securities Act. Compl. ¶¶ 3, 6, 12. On behalf of “a class of all persons or entities
8 who purchased XRP from July 3, 2015, through the present,” Compl. ¶ 87, plaintiff
9 asserts two causes of action: (1) for violation of §§ 5 & 12(a)(1) of the Securities Act
10 against all defendants for the unregistered offer and sale of securities; and (2) for
11 violation of § 15 of the Securities Act (control person liability) against Ripple and the
12 individual defendants.

13 On August 8, 2018, defendants timely removed the action pursuant to the Class
14 Action Fairness Act (“CAFA”), under 28 U.S.C. § 1453. Dkt. 1.

15 CAFA “relaxed” the diversity requirements for putative class actions. See Dart
16 Cherokee Basin Operating Co., LLC v. Owens, — U.S. —, 135 S.Ct. 547, 551, 190
17 L.Ed.2d 495 (2014). Pursuant to CAFA, a defendant may remove an action under § 1453
18 if the amount in controversy exceeds \$5 million, the putative class has more than 100
19 members, and the parties are minimally diverse. Id. at 552; 28 U.S.C. §§ 1332(d), 1453.

20 Plaintiff’s motion to remand does not contend that defendants cannot show this
21 action fails to meet any of CAFA’s three jurisdictional requirements. Instead, plaintiff
22 argues that § 22(a) of the Securities Act operates as a complete bar on removing any
23 action that involves only Securities Act claims.²

24 Plaintiff is correct. Plaintiff’s only two causes of action are brought under the
25 Securities Act. Defendants’ CAFA-based removal was therefore necessarily premised on

26
27 ² Section 22(a) states: “Except as provided in 77p(c) [§ 16(c)], no case arising under this
28 subchapter and brought in any State court of competent jurisdiction shall be removed to
any court of the United States.”

1 plaintiff's Securities Act claims. In that situation, controlling Ninth Circuit authority
2 requires remand.

3 In Luther v. Countrywide Home Loans Servicing LP, 533 F.3d 1031 (9th Cir.
4 2008), the Ninth Circuit considered whether an action that solely alleged Securities Act
5 claims could be removed under CAFA. Luther, 533 F.3d at 1032, 1034. Luther reasoned
6 that because § 22(a) dealt "with a narrow, precise, and specific subject" that "applie[d]
7 only to claims arising under the Securities Act" it was "not submerged by [CAFA,] a later
8 enacted statute covering a more generalized spectrum of class actions." Id. at 1034.
9 Thus, Luther held that, "by virtue of § 22(a) of the Securities Act of 1933, [plaintiff's] state
10 court class action alleging only violations of the Securities Act of 1933 was not
11 removable." Id.

12 Despite this clear holding, defendants make a number of arguments that Luther
13 does not require remand here. Those arguments fail to persuade.

14 First, defendants argue that Luther only addressed removal based on CAFA's
15 "minimal diversity" jurisdiction, see 28 U.S.C. § 1332(d)(2)(A), whereas the present action
16 was removed based on CAFA's "alienage jurisdiction" because plaintiff Greenwald is a
17 citizen of Israel, see 28 U.S.C. § 1332(d)(2)(B). Neither Luther nor CAFA supports that
18 distinction. Nothing in Luther suggests that the decision hinged on removal being
19 premised on minimal diversity jurisdiction, rather than alienage jurisdiction.³

20 In addition, § 1332(d)(2)(B) does not limit alienage jurisdiction to circumstances
21 where the named plaintiff is a citizen of a foreign state. Instead, that subsection is
22 implicated whenever "any member of [the] class of plaintiffs is a foreign state or a citizen
23 or subject of a foreign state." 28 U.S.C. 1332(d)(2)(B) (emphasis added). The court finds
24 it implausible that the Luther action "brought on behalf of all persons and entities who
25 acquired hundreds of billions of dollars worth of mortgage pass-through certificates,"
26

27
28 ³ Indeed, Luther would likely not have quoted the entirety of § 1332(d)(2) if it intended its
holding to be limited to § 1332(d)(2)(A). See Luther, 533 F.3d at 1033 n.2.

1 Luther, 533 F.3d at 1032, would not have included a single putative class member
2 satisfying (and implicating) § 1332(d)(2)(B). The same would be true for most Securities
3 Act class actions.

4 Second, defendants' alienage jurisdiction-related policy arguments also do not
5 move the needle. As an initial matter, those arguments do not override Luther.
6 Moreover, Congress has already made clear that removal bars trump the policy
7 considerations unique to alienage jurisdiction. Section 1332(a)(2) gives district courts
8 original jurisdiction over actions "between citizens of a State and citizens or subjects of a
9 foreign state." As this court has previously discussed at length, the general removal
10 statute, § 1441(a), provides that subject to its except clause, a defendant may remove
11 any civil action from state to federal court if the district court would have original
12 jurisdiction over the action.⁴ See generally Coffey v. Ripple Labs Inc., No. 18-CV-03286-
13 PJH, — F. Supp. 3d —, 2018 WL 3812076, at *2 (N.D. Cal. Aug. 10, 2018). Courts
14 interpret "§ 1441(a)'s broad except clause as a reference to antiremoval provisions in
15 other federal statutes," such as § 22(a) of the Securities Act. Id. at *8 (collecting cases).
16 Accordingly, despite the alienage jurisdiction considerations defendants articulate,
17 § 22(a) (as well as other antiremoval provisions) bars certain alienage actions from being
18 removed under § 1441(a). Luther unambiguously held that in the case of pure Securities
19 Act actions, § 22(a) also applies to and trumps § 1453(b). It makes no sense that
20 § 22(a)'s removal bar overrides the alienage jurisdiction-related considerations in the
21 context of § 1441(a), but does not do so vis-à-vis § 1453(b). It makes even less sense
22 that Congress would intend that result without more explicitly saying so.⁵

23
24 ⁴ Section 1441(a) states "Except as otherwise expressly provided by Act of Congress,
25 any civil action brought in a State court of which the district courts of the United States
26 have original jurisdiction, may be removed by the defendant or the defendants, to the
district court of the United States for the district and division embracing the place where
such action is pending."

27 ⁵ Defendants' argument premised on Radzanower v. Touche Ross & Co., 426 U.S. 148,
28 156, 96 S. Ct. 1989, 1994, 48 L. Ed. 2d 540 (1976), fails for a similar reason. In the
context of § 1441(a), Congress had no difficulty with antiremoval provisions "unduly
interfering" with alienage jurisdiction. And Luther has already determined that § 22(a)

1 Third, defendants reliance on this court's decision in Coffey is misplaced. In
2 Coffey, plaintiff's state law claims satisfied the removal requirements of § 1453. See
3 generally Coffey, 2018 WL 3812076, at *2. That allowed the entire action, including the
4 Securities Act claims, to be removed. Id. at *7 n. 6. Luther was inapplicable to that case
5 because Luther addressed only whether Securities Act claims that satisfied CAFA's
6 jurisdictional requirements (in one manner or another) could be the basis for removal
7 pursuant to § 1453. Id. at *4. Luther answered that question in the negative based on
8 § 22(a) and that is the exact situation presented here.

9 Fourth, defendants argue that CAFA's plain language allows removal despite
10 § 22(a), and that Luther was wrongly decided and should be limited or reconsidered.
11 Regardless of what defendants think CAFA's plain language allows, Luther held that
12 § 22(a) bars removal of pure Securities Act claims. And while defendants are free to
13 argue to the Ninth Circuit that Luther was wrongly decided, those arguments fail to
14 persuade this court.

15 For the foregoing reasons, the court GRANTS plaintiff's motion and REMANDS
16 the action to San Mateo County Superior Court. The October 24, 2018 hearing date is
17 VACATED.

18 **IT IS SO ORDERED.**

19 Dated: October 15, 2018



PHYLLIS J. HAMILTON
United States District Judge

22
23
24
25
26
27
28 does not "unduly interfere" with § 1453(b).

ADRMOP,CLOSED,RELATE

**U.S. District Court
California Northern District (Oakland)
CIVIL DOCKET FOR CASE #: 4:18-cv-04790-PJH
Internal Use Only**

18CIV03461

Greenwald v. Ripple Labs, Inc. et al
Assigned to: Judge Phyllis J. Hamilton
Relate Case Case: 4:18-cv-03286-PJH
Case in other court: San Mateo County Court, 18civ03491
Cause: 28:1332 Diversity-Petition for Removal

Date Filed: 08/08/2018
Date Terminated: 10/15/2018
Jury Demand: Plaintiff
Nature of Suit: 160 Stockholders Suits
Jurisdiction: Diversity

Hearings	Dates	Deadlines	Dates
-----------------	--------------	------------------	--------------


Plaintiff

Avner Greenwald

represented by **John T. Jasnoch**
Scott+Scott Attorneys at Law LLP
600 W. Broadway
Suite 3300
San Diego, CA 92101
619-233-4565
Fax: 619-233-0508
Email: jjasnoch@scott-scott.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

I hereby certify that the annexed
instrument is a true and correct copy
of the original on file in my office.
ATTEST:

SUSAN Y. SOONG
Clerk, U.S. District Court
Northern District of California

By 
Deputy Clerk

OCT 16 2018
Date

Thomas L Laughlin , IV
ScottScott, Attorneys at Law, LLP
The Helmsley Building
230 Park Avenue
17th Floor
New York, NY 10169
212-223-6444
Fax: 212-223-6334
Email: tlaughlin@scott-scott.com
LEAD ATTORNEY
PRO HAC VICE
ATTORNEY TO BE NOTICED

18 - CIV - 03461
BDR
Bankruptcy Document Received From US Bank
1450213



V.

Defendant

Ripple Labs, Inc.

represented by **John M. Neukom**
Skadden, Arps, Slate, Meagher & Flom
LLP
525 University Avenue
Suite 1400

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OCT 16 2018
CLERK OF COURT
U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

1811080801

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SAN MATEO COUNTY
OCT 19 2018
Clerk of the Superior Court

Palo Alto, CA 94301
650-470-4500
Fax: 650-470-4570
Email: John.Neukom@skadden.com
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
Skadden, Arps, Slate, Meagher & Flom
LLP
300 South Grand Avenue, Suite 3400
Los Angeles, CA 90071-3144
(213) 687-5592
Fax: (213) 687-5600
Email: virginia.milstead@skadden.com
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
Skadden Arps Slate Meagher and Flom
LLP
300 S Grand Ave
Los Angeles, CA 90071
213-687-5000
Email: peter.morrison@skadden.com
ATTORNEY TO BE NOTICED

Defendant

XRP II, LLC

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Bradley Garlinghouse

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Christian Larsen

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Ron Will

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Antoinette O'Gorman

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Eric van Miltenburg

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison

(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Susan Athey

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Zoe Cruz

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Ken Kurson

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Ben Lawsky

represented by **John M. Neukom**
(See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
(See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
 (See above for address)
ATTORNEY TO BE NOTICED

Defendant

Anja Manuel

represented by **John M. Neukom**
 (See above for address)
ATTORNEY TO BE NOTICED

Virginia Faye Milstead
 (See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
 (See above for address)
ATTORNEY TO BE NOTICED

Defendant

Takashi Okita

represented by **John M. Neukom**
 (See above for address)
ATTORNEY TO BE NOTICED


Virginia Faye Milstead
 (See above for address)
ATTORNEY TO BE NOTICED

Peter Bradley Morrison
 (See above for address)
ATTORNEY TO BE NOTICED

Date Filed	#	Docket Text
08/08/2018	<u>1</u>	NOTICE OF REMOVAL from San Mateo County Superior Court. Their case number is 18-CIV-03461. (Filing fee \$400 receipt number 0971-12578869). Filed by Ron Will, Ken Kurson, XRP II, LLC, Antoinette O'Gorman, Susan Athey, Ripple Labs, Inc., Ben Lawsky, Takashi Okita, Eric van Miltenburg, Bradley Garlinghouse, Zoe Cruz, Anja Manuel, Christian Larsen. (Attachments: # <u>1</u> Exhibit A, # <u>2</u> Civil Cover Sheet) (Morrison, Peter) (Filed on 8/8/2018) (Entered: 08/08/2018)
08/08/2018	<u>2</u>	Certificate of Interested Entities by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawsky, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg identifying Other Affiliate SBI Holdings Inc. for Ripple Labs, Inc.; Corporate Parent Ripple Labs, Inc. for XRP II, LLC. (Morrison, Peter) (Filed on 8/8/2018) (Entered: 08/08/2018)
08/08/2018	<u>3</u>	NOTICE of Appearance by Virginia Faye Milstead (Milstead, Virginia) (Filed on 8/8/2018) (Entered: 08/08/2018)

08/08/2018	<u>4</u>	<p>Case assigned to Magistrate Judge Sallie Kim.</p> <p>Counsel for plaintiff or the removing party is responsible for serving the Complaint or Notice of Removal, Summons and the assigned judge's standing orders and all other new case documents upon the opposing parties. For information, visit <i>E-Filing A New Civil Case</i> at http://cand.uscourts.gov/ecf/caseopening.</p> <p>Standing orders can be downloaded from the court's web page at www.cand.uscourts.gov/judges. Upon receipt, the summons will be issued and returned electronically. Counsel is required to send chambers a copy of the initiating documents pursuant to L.R. 5-1(e)(7). A scheduling order will be sent by Notice of Electronic Filing (NEF) within two business days. Consent/Declination due by 8/22/2018. (as, COURT STAFF) (Filed on 8/8/2018) (Entered: 08/08/2018)</p>
08/08/2018	<u>5</u>	NOTICE of Appearance by John M. Neukom (Neukom, John) (Filed on 8/8/2018) (Entered: 08/08/2018)
08/08/2018	<u>6</u>	STIPULATION REGARDING DEFENDANTS TIME TO ANSWER OR OTHERWISE RESPOND PURSUANT TO CIVIL L.R. 6-1(a) filed by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawsky, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg. (Morrison, Peter) (Filed on 8/8/2018) (Entered: 08/08/2018)
08/08/2018	<u>7</u>	CERTIFICATE OF SERVICE by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawsky, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg re <u>3</u> Notice of Appearance, <u>6</u> Stipulation, <u>1</u> Notice of Removal, <u>2</u> Certificate of Interested Entities, <u>5</u> Notice of Appearance, 4 Case Assigned by Intake,,, (Morrison, Peter) (Filed on 8/8/2018) (Entered: 08/08/2018)
08/09/2018	<u>8</u>	Initial Case Management Scheduling Order with ADR Deadlines: Case Management Statement due by 11/19/2018. Initial Case Management Conference set for 11/26/2018 01:30 PM in San Francisco, Courtroom A, 15th Floor. (msrS, COURT STAFF) (Filed on 8/9/2018) (Entered: 08/09/2018)
08/09/2018	<u>9</u>	NOTICE by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawsky, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg <i>NOTICE OF PENDENCY OF OTHER ACTIONS OR PROCEEDINGS PURSUANT TO CIVIL LOCAL RULE 3-13</i> (Morrison, Peter) (Filed on 8/9/2018) (Entered: 08/09/2018)
08/14/2018	<u>10</u>	ORDER RELATING CASE. C-18-4790-SK is related to C-18-3286-PJH. Signed by Judge Phyllis J. Hamilton on 8/14/18. Case reassigned to Judge Phyllis J. Hamilton for all further proceedings. Magistrate Judge Sallie Kim no longer assigned to the case. (kcS, COURT STAFF) (Filed on 8/14/2018) (Entered: 08/14/2018)

08/14/2018	<u>11</u>	ORDER SETTING CASE MANAGEMENT CONFERENCE. Joint Case Management Statement due by 12/6/2018. Initial Case Management Conference set for 12/13/2018 at 02:00 PM in Oakland, Courtroom 3, 3rd Floor. Signed by Judge Phyllis J. Hamilton on 8/14/18. (kcS, COURT STAFF) (Filed on 8/14/2018) (Entered: 08/14/2018)
08/16/2018	<u>12</u>	RESPONSE to <i>Standing Order re Removed Cases</i> by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawskey, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg. (Morrison, Peter) (Filed on 8/16/2018) (Entered: 08/16/2018)
08/16/2018	<u>13</u>	CERTIFICATE OF SERVICE by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawskey, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg re <u>9</u> Notice (Other), <u>10</u> Order Relating Case,, Case Assigned/Reassigned, <u>12</u> Response (Non Motion), <u>8</u> Initial Case Management Scheduling Order with ADR Deadlines, <u>11</u> Order,, Set Deadlines/Hearings, (Morrison, Peter) (Filed on 8/16/2018) (Entered: 08/16/2018)
08/17/2018		<u>Electronic filing error.</u> REMINDER TO COUNSEL: Counsel is instructed that all future filings shall bear the initials PJH immediately after the case number. Re: <u>13</u> Certificate of Service, filed by Ron Will, Ripple Labs, Inc., Ben Lawskey, Antoinette O'Gorman, Anja Manuel, Ken Kurson, Susan Athey, Christian Larsen, Takashi Okita, Zoe Cruz, XRP II, LLC, Eric van Miltenburg, Bradley Garlinghouse (jjbS, COURT STAFF) (Filed on 8/17/2018) (Entered: 08/17/2018)
08/23/2018	<u>14</u>	STIPULATION Regarding Defendants' Time to Answer or Otherwise Respond Pursuant to Civil L.R. 6-1(a) filed by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawskey, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg, Avner Greenwald. (Morrison, Peter) (Filed on 8/23/2018) Modified on 8/24/2018 (cjlS, COURT STAFF). (Entered: 08/23/2018)
09/07/2018	<u>15</u>	MOTION to Remand filed by Avner Greenwald. Motion Hearing set for 10/17/2018 09:00 AM in Oakland, Courtroom 3, 3rd Floor before Judge Phyllis J. Hamilton. Responses due by 9/21/2018. Replies due by 9/28/2018. (Attachments: # <u>1</u> Proposed Order, # <u>2</u> Declaration of John T. Jasnoch, # <u>3</u> Exhibit A, # <u>4</u> Exhibit B, # <u>5</u> Exhibit C, # <u>6</u> Exhibit D) (Jasnoch, John) (Filed on 9/7/2018) (Entered: 09/07/2018)
09/07/2018	<u>16</u>	Renotice motion hearing re <u>15</u> MOTION to Remand filed by Avner Greenwald. (Related document(s) <u>15</u>) (Jasnoch, John) (Filed on 9/7/2018) (Entered: 09/07/2018)
09/07/2018		Set/Reset Deadlines as to <u>15</u> MOTION to Remand. Motion Hearing set for 10/24/2018 at 09:00 AM in Oakland, Courtroom 3, 3rd Floor before Judge Phyllis J. Hamilton. (kcS, COURT STAFF) (Filed on 9/7/2018) (Entered: 09/07/2018)

		09/07/2018)
09/21/2018	<u>17</u>	OPPOSITION/RESPONSE (re <u>15</u> MOTION to Remand) filed by Susan Athey, Zoe Cruz, Bradley Garlinghouse, Ken Kurson, Christian Larsen, Ben Lawsky, Anja Manuel, Antoinette O'Gorman, Takashi Okita, Ripple Labs, Inc., Ron Will, XRP II, LLC, Eric van Miltenburg. (Attachments: # <u>1</u> Declaration of Virginia F. Milstead and Exhibits 1 through 6, # <u>2</u> Proposed Order)(Morrison, Peter) (Filed on 9/21/2018) (Entered: 09/21/2018)
09/26/2018	<u>18</u>	STIPULATION WITH [PROPOSED] ORDER Extending Briefing Schedule Re: Motion to Remand filed by Avner Greenwald. (Jasnoch, John) (Filed on 9/26/2018) Modified on 9/27/2018 (cjlS, COURT STAFF). (Entered: 09/26/2018)
09/26/2018	<u>19</u>	STIPULATION AND ORDER EXTENDING BRIEFING SCHEDULE FOR PLAINTIFF'S MOTION TO REMAND PURSUANT TO LOCAL RULE 6-1 by Judge Phyllis J. Hamilton granting <u>18</u> Stipulation. (kcS, COURT STAFF) (Filed on 9/26/2018) (Entered: 09/26/2018)
09/26/2018		Set/Reset Deadlines as to <u>15</u> MOTION to Remand. Reply due by 10/5/2018. (kcS, COURT STAFF) (Filed on 9/26/2018) (Entered: 09/26/2018)
10/05/2018	<u>20</u>	REPLY (re <u>15</u> MOTION to Remand) filed by Avner Greenwald. (Attachments: # <u>1</u> Declaration, # <u>2</u> Exhibit 1, # <u>3</u> Exhibit 2, # <u>4</u> Exhibit 3, # <u>5</u> Exhibit 4, # <u>6</u> Exhibit 5)(Jasnoch, John) (Filed on 10/5/2018) (Entered: 10/05/2018)
10/08/2018	<u>21</u>	MOTION for leave to appear in Pro Hac Vice Thomas L. Laughlin, IV (Filing fee \$310, receipt number 0971-12743717) filed by Avner Greenwald. (Attachments: # <u>1</u> Certificate of Good Standing)(Laughlin, Thomas) (Filed on 10/8/2018) Modified on 10/9/2018 (cjlS, COURT STAFF). (Entered: 10/08/2018)
10/09/2018	<u>22</u>	ORDER by Judge Phyllis J. Hamilton granting <u>21</u> Motion for Pro Hac Vice for Thomas L. Laughlin, IV. (kcS, COURT STAFF) (Filed on 10/9/2018) (Entered: 10/09/2018)
10/15/2018	<u>23</u>	ORDER by Judge Phyllis J. Hamilton granting <u>15</u> Motion to Remand and vacating hearing. (pjhlc2, COURT STAFF) (Filed on 10/15/2018) (Entered: 10/15/2018)
10/15/2018		(Court only) ***Civil Case Terminated. (kcS, COURT STAFF) (Filed on 10/15/2018) (Entered: 10/15/2018)
10/16/2018	<u>24</u>	CLERK'S NOTICE Remanding Case to San Mateo County Superior Court. (cjlS, COURT STAFF) (Filed on 10/16/2018) (Entered: 10/16/2018)

FILED

OCT 26 2018

SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA
OAKLAND OFFICE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
1301 Clay Street
Oakland, CA 94612

www.cand.uscourts.gov

Susan Y. Soong
Clerk of Court

General Court Number
510-637-3530

October 16, 2018

San Mateo County Superior Court
400 County Center
Redwood City, CA 94063

RE: Avner Greenwald v. Ripple Labs, Inc., et al.
18-cv-04790-PJH

Your Case Number: 18CIV03461

Dear Clerk,

Pursuant to an order remanding the above captioned case to your court, transmitted herewith are:

- ☒ Certified original and one copy of this letter
- ☒ Certified copy of docket entries
- ☒ Certified copy of Remand Order
- ☐ Other

Please acknowledge receipt of the above documents on the attached copy of this letter.

Sincerely,

Susan Y. Soong, Clerk

Cynthia J. Lenahan

by: Cynthia Lenahan
Case Systems Administrator
510-637-3538

RECEIVED
SAN MATEO COUNTY

OCT 19 2018

Clerk of the Superior Court
MIRNA P. RIVERA-MARTINEZ

FILED

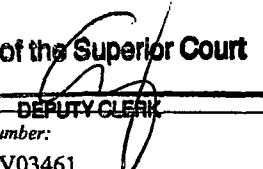
OCT 26 2018

OAKLAND OFFICE
NORTH DISTRICT OF CALIFORNIA
CLERK, U.S. DISTRICT COURT
SUSAN Y. SOONG

RECEIVED
SAN MATEO COUNTY

OCT 18 2018

MICHAEL P. RYAN-MAINTENANCE
Clerk of the Superior Court

Attorney or Party without Attorney: John Jasnoch, Esq., Bar #281605 Scott+Scott, Attorneys at Law, LLP 600 West Broadway, Suite 3300 San Diego, CA 92101 Telephone No: 619-233-4565 FAX No: 619-233-0508				For Court Use Only <div style="text-align: center;"> FILED SAN MATEO COUNTY OCT 24 2018 Clerk of the Superior Court By  DEPUTY CLERK </div>	
Attorney for: Plaintiff				Ref. No. or File No.:	
Insert name of Court, and Judicial District and Branch Court: San Mateo County Superior Court					
Plaintiff: Avner Greenwald, et al. Defendant: Ripple Labs, Inc.					
PROOF OF SERVICE Summons; Complaint		Hearing Date:	Time:	Dept/Div:	Case Number: 18CIV03461

1. At the time of service I was at least 18 years of age and not a party to this action.
2. I served copies of the Summons; Class Action Complaint; Civil Case Cover Sheet; Certificate re Complex Case Designation; Notice of Assignment; ADR Information
3. a. Party served: Ripple Labs, Inc., a Delaware corporation
 b. Person served: Norman Reed, Agent for Service
4. Address where the party was served: 315 Montgomery Street, 2nd Floor
San Francisco, CA 94104
5. I served the party:
 b. by substituted service. On: Mon., Jul. 09, 2018 at: 4:25PM by leaving the copies with or in the presence of:
Bernardo Diaz, Assistant Manager / Authorized to Accept Service
 (1) (Business) a Person in charge at least 18 years of age apparently in charge of the office or usual place of business of the person served. I informed him or her of the general nature of the papers.
 (4) A declaration of mailing is attached.
6. The "Notice to the Person Served" (on the Summons) was completed as follows:
 on behalf of: Ripple Labs, Inc., a Delaware corporation
 Under CCP 416.10 (corporation)
7. Person Who Served Papers:
 a. Robert Wigersma
 b. Class Action Research & Litigation
 P O Box 740
 Penryn, CA 95663
 c. (916) 663-2562, FAX (916) 663-4955
 d. The Fee for Service was:
 e. I am: (3) registered California process server
 (i) Independent Contractor
 (ii) Registration No.: 769
 (iii) County: San Francisco

18 - CIV - 03461
 PCSBC
 Proof of Service on CORPORATION, LLC, etc.
 1452996



8. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: Thu, Jul. 12, 2018

FILE BY FAX

<i>Attorney or Party without Attorney:</i> John Jasnoch, Esq., Bar #281605 Scott+Scott, Attorneys at Law, LLP 600 West Broadway, Suite 3300 San Diego, CA 92101 Telephone No: 619-233-4565 FAX No: 619-233-0508				For Court Use Only	
<i>Attorney for: Plaintiff</i>					
<i>Insert name of Court, and Judicial District and Branch Court:</i> San Mateo County Superior Court					
<i>Plaintiff: Avner Greenwald, et al.</i> <i>Defendant: Ripple Labs, Inc., et al.</i>					
PROOF OF SERVICE By Mail		<i>Hearing Date:</i>	<i>Time:</i>	<i>Dept/Div:</i>	<i>Case Number:</i> 18CIV03461

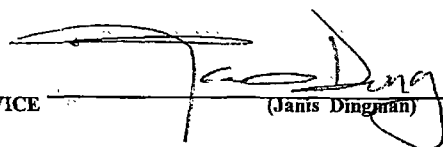
1. I am over the age of 18 and not a party to this action. I am employed in the county where the mailing occurred.
2. I served copies of the Corrected Summons; Class Action Complaint; Civil Case Cover Sheet; Certificate re Complex Case Designation; Notice of Case Management Conference; ADR Information
3. By placing a true copy of each document in the United States mail, in a sealed envelope by First Class mail with postage prepaid as follows:
 - a. Date of Mailing: Tue., Jul. 10, 2018
 - b. Place of Mailing: Penryn, CA 95663
 - c. Addressed as follows: Ripple Labs, Inc., a Delaware corporation
c/o Norman Reed, Agent for Service
315 Montgomery Street, 2nd Floor
San Francisco, CA 94104
4. I am readily familiar with the business practice for collection and processing of correspondence as deposited with the U.S. Postal Service on Tue., Jul. 10, 2018 in the ordinary course of business.
5. *Person Serving:*
 - a. Janis Dingman
 - b. Class Action Research & Litigation
P O Box 740
Penryn, CA 95663
 - c. (916) 663-2562, FAX (916) 663-4955

Recoverable Cost Per CCP 1033.5(a)(4)(B)

- d. *The Fee for Service was:*
- e. I am: (3) registered California process server
 - (i) Owner
 - (ii) Registration No.: 15-009
 - (iii) County: Placer
 - (iv) Expiration Date: Wed, Jun. 05, 2019

8. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: Thu, Jul. 12, 2018


(Janis Dingman) jojas.180047

Attorney or Party without Attorney: John Jasnoch, Esq., Bar #281605 Scott+Scott, Attorneys at Law, LLP 600 West Broadway, Suite 3300 San Diego, CA 92101 Telephone No: 619-233-4565 FAX No: 619-233-0508				For Court Use Only <div style="text-align: center; font-size: 2em; font-weight: bold;">FILED</div> <div style="text-align: center; font-weight: bold;">SAN MATEO COUNTY</div> <div style="text-align: center;">OCT 24 2018</div> <div style="text-align: center;">Clerk of the Superior Court</div>	
Attorney for: Plaintiff				Ref. No. or File No.:	
Insert name of Court, and Judicial District and Branch Court: San Mateo County Superior Court					
Plaintiff: Avner Greenwald, et al. Defendant: Ripple Labs, Inc., et al.					
AFFIDAVIT OF SERVICE Summons & Complaint		Hearing Date:	Time:	Dept/Div:	Case Number: 18CIV03461

1. At the time of service I was at least 18 years of age and not a party to this action.
2. I served copies of the Corrected Summons; Class Action Complaint; Civil Case Cover Sheet; Certificate re Complex Case Designation; Notice of Case Management Conference; ADR Information
3.
 - a. Party served: XRP II, a South Carolina Limited Liability Company
 - b. Person served: John Doe, Service of Process Intake Clerk, Caucasian, Male, 38 Years Old, Brown Hair, 5 Feet 10 Inches, 170 Pounds
4. Address where the party was served: Corporation Service Company
80 State Street
Albany, NY 12207
5. I served the party:
 - a. by personal service. I personally delivered the documents listed in item 2 to the party or person authorized to receive process for the party (1) on: Tue., Jul. 10, 2018 (2) at: 2:25PM
6. The "Notice to the Person Served" (on the Summons) was completed as follows:
 on behalf of: XRP II, a South Carolina Limited Liability Company
 Other: Limited Liability Company
7. Person Who Served Papers:
 - a. Mary M. Bonville
 - b. Class Action Research & Litigation
P O Box 740
Penryn, CA 95663
 - c. (916) 663-2562, FAX (916) 663-4955

Fee for Service:

I Declare under penalty of perjury under the laws of the State of NEW YORK that the foregoing is true and correct.

July 19, 2018 (Date) Mary M Bonville (Signature)

18 - CIV - 03461
 PSQ1
 Proof of Service by
 1453019



FILE BY FAX

8. STATE OF NEW YORK, COUNTY OF Albany
 Subscribed and sworn to (or affirmed) before me on this 19TH day of July, 2018 by Mary M. Bonville
 proved to me on the basis of satisfactory evidence to be the person who appeared before me.

VERA B. RAY
 Notary Public - State of New York
 Albany County No. 01RA6133233
 Commission Expires on 09-12- 2021

AFFIDAVIT OF SERVICE
 Summons & Complaint

(Notary Signature)

jojas.180193

CM-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Peter B. Morrison (SBN 230148) Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Ave., Ste. 3400 Los Angeles, CA 90071 TELEPHONE NO.: (213) 687-5000 FAX NO. (Optional): (213) 687-5600 E-MAIL ADDRESS (Optional): peter.morrison@skadden.com ATTORNEY FOR (Name): Ripple Labs Inc. et al.	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY OCT 25 2018 Clerk of the Superior Court By: ANTONIO R. GERONIMO Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: 400 County Center CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME:	
PLAINTIFF/PETITIONER: Avner Greenwald DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	CASE NUMBER: 18-CIV-03461 JUDICIAL OFFICER:
NOTICE OF RELATED CASE	DEPT.:

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1. a. Title: In Re Ripple Labs Inc. Litigation
 b. Case number: Lead Case No. 18-CIV-02845
 c. Court: ☒ same as above
☐ other state or federal court (name and address):
 d. Department: 16
 e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
 f. Filing date: 6/5/18; 6/27/18
 g. Has this case been designated or determined as "complex?" ☒ Yes ☐ No
 h. Relationship of this case to the case referenced above (check all that apply):
☒ involves the same parties and is based on the same or similar claims.
☒ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
☐ involves claims against, title to, possession of, or damages to the same property.
☒ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
☐ Additional explanation is attached in attachment 1h
 i. Status of case:
☒ pending
☐ dismissed ☐ with ☐ without prejudice
☐ disposed of by judgment
2. a. Title:
 b. Case number:
 c. Court: ☐ same as above
☐ other state or federal court (name and address):
 d. Department:



CM-015

PLAINTIFF/PETITIONER: Avner Greenwald	CASE NUMBER:
DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	18-CIV-03461

2. (continued)

- e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
- h. Relationship of this case to the case referenced above (check all that apply):
- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h
- i. Status of case:
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

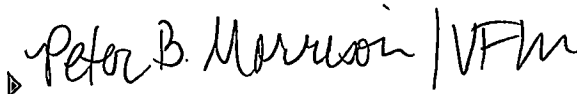
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: October 25, 2018

Peter B. Morrison

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)



(SIGNATURE OF PARTY OR ATTORNEY)

PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 300 S. Grand Avenue, Los Angeles, California 90071. My email address is candice.spoon@skadden.com.

On October 25, 2018 I served the documents described as:

NOTICE OF RELATED CASE

on the interested parties in this action addressed as follows:

<p>BRIAN J. ROBBINS brobbins@robbinsarroyo.com STEPHEN J. ODDO soddo@robbinsarroyo.com ERIC M. CARRINO ecarrino@robbinsarroyo.com ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 Facsimile: (619) 525-3991</p> <p>Attorneys for Plaintiffs Vladi Zakinov and David Oconer</p>	<p>David C. Walton Brian O. O'Mara Brian E. Cochran ROBBINS GELLER RUDMAN & DOWD LLP 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058 Facsimile: (619) 231-7423 E-mail: davew@rgrdlaw.com bomara@rgrdlaw.com bcochran@rgrdlaw.com</p> <p>Attorneys for Plaintiff Vladi Zakinov</p>
<p>Shawn A. Williams ROBBINS GELLER RUDMAN & DOWD LLP Post Montgomery Center One Montgomery Street, Suite 1800 San Francisco, CA 94104 Telephone: (415) 288-4545 Facsimile: (415) 288-4534 E-mail: shawnw@rgrdlaw.com</p> <p>Attorneys for Plaintiff Vladi Zakinov</p>	<p>Andrew J. Ceresney aceresney@debevoise.com Mary Jo White mjwhite@debevoise.com DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, New York 10022 Telephone: (212) 909-6000 Facsimile: (212) 909-6836</p> <p>Attorneys for Defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse</p>
<p>SCOTT+SCOTT ATTORNEYS AT LAW LLP John T. Jasnoch 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 Facsimile: 619-233-0508 jjjasnoch@scott-scott.com</p> <p>Attorneys for Plaintiff – Avner Greenwald</p>	<p>SCOTT+SCOTT ATTORNEYS AT LAW LLP Thomas L. Laughlin, IV Rhiana L. Swartz The Helmsley Building 230 Park Avenue, 17th Floor New York, NY 10169 Telephone: 212-223-6444 Facsimile: 212-223-6334</p> <p>Attorneys for Plaintiff - Avner Greenwald</p>

☒ (BY FEDERAL EXPRESS) I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same

1 day in the ordinary course of business; on this date, the above-referenced document was placed for
2 deposit at Los Angeles, California and placed for collection and delivery following ordinary
business practices.

3 I declare under penalty of perjury under the laws of the State of California that the above is
4 true and correct.

5 Executed on October 25, 2018 at Los Angeles, California.

6 Candice Spoon
7 PRINT NAME



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SIGNATURE

18 - CIV - 03461
ORD
Order
1469551



FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court
By 
DEPUTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN MATEO

AVNER GREENWALD, individually and on behalf
Of all others similarly situated,

Plaintiff,

vs.

RIPPLE LABS INC. et al.

Defendants,

Case No. 18 CIV 03461
CLASS ACTION

ORDER DEEMING CASE RELATED AND
CONSOLIDATING ACTION INTO MASTER
FILE NO. 18CIV02845

Dept.: Hon. Richard H. DuBois
Dept. 16

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

The Master File consolidated class action cases, 18CIV02845, were previously designated as complex and single assigned to Department 16, Honorable Richard DuBois.

On October 25, 2018, Defendant Ripple Labs Inc. in 18CIV03461, a putative class action, filed a Notice of Related Case, indicating that the action is related to *In re Ripple Labs Inc Litigation*, Master file No. 18CIV02845.

Accordingly, IT IS HEREBY ORDERED AS FOLLOWS:

1. Notice of Related Case having been filed and served, and no opposition or objection filed and served, the case of *Greenwald vs. Ripple Labs Inc 18CIV03461* is deemed "related" to the pending consolidated class actions entitled *In re Ripple Labs Inc Litigation*, Master file No. 18CIV02845.

2. Pursuant to the order in Master File No. 18CIV02845 consolidating related class actions, and having been previously assigned for all purposes to Department 16, the case of *Greenwald vs. Ripple*

1 *Labs Inc 18CIV03461* is ordered CONSOLIDATED as part of Master File No. 18CIV02845.

2 3. Accordingly, any Complex Status Conference or Case Management Conference previously
3 set for 18CIV03461 is VACATED. The Case Management Conference in the Master file set for November
4 16, 2018 at 10:30 a.m. in Department 16 shall remain on calendar.

5
6
7 Dated:

OCT 31 2018

By:



Richard H. DuBois
JUDGE OF THE SUPERIOR COURT



SUPERIOR COURT OF SAN MATEO COUNTY

Civil Department
400 County Center, Redwood City, CA 94063
(650) 261-5100
www.sanmateocourt.org

AFFIDAVIT OF MAILING

Date: 11/1/2018

In the Matter of: AVNER GREENWALD vs. RIPPLE LABS, INC., a Delaware Corporation, et al
Case No.: 18-CIV-03461

I declare under penalty of perjury that on the following date I deposited in the United States Post Office mail box at Redwood City, a true copy of the attached document(s) ORDER DEEMING CASE RELATED AND CONSOLIDATING ACTION INTO MASTER FILE NO. 18CIV02845, enclosed in an envelope, with proper and necessary postage thereon, and addressed to the following:

Executed on: 11/1/2018

Neal I. Taniguchi, Court Executive Officer/Clerk

By:

Andrea Daley, Deputy Clerk

Copies Mailed To:

BRIAN J. ROBBINS
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525 UNIVERSITY AVENUE, SUITE 1400
PALO ALTO, CA 94301

FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court

By: 
DEPUTY CLERK

18 - CIV - 03461
AFM
Affidavit of Mailing
1468990



MARY JO WHITE
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THE HELMSLEY BUILDING
230 PARK AVENUE, 17TH FLOOR
NEW YORK, NY 10169

NOV - 1 2018

~~Clerk of the Superior Court~~
By ~~_____~~
~~DEPUTY CLERK~~

2018
 Superior Court

 RK

Defendants,

Dept.: Hon. Richard H. DuBois
Dept. 16

2. Pursuant to the order in Master File No. 18CIV02845 consolidating related class actions, and having been previously assigned for all purposes to Department 16, the case of *Greenwald vs. Ripple*

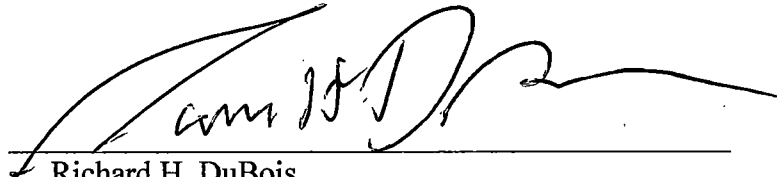
1 *Labs Inc 18CIV03461* is ordered CONSOLIDATED as part of Master File No. 18CIV02845.

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Richard H. DuBois
JUDGE OF THE SUPERIOR COURT



SUPERIOR COURT OF SAN MATEO COUNTY

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AFFIDAVIT OF MAILING

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FILED
SAN MATEO COUNTY

NOV - 1 2018

Clerk of the Superior Court

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DEPUTY CLERK

18 - CIV - 03461

AFM

Affidavit of Mailing

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